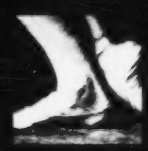
Alberta Gaming

2001-2002 ANNUAL REPORT



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Public Accounts 2001 – 2002

Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and *the Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

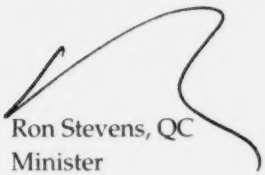
The annual report of the Government of Alberta released June 25, 2002 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Gaming contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the Department of Gaming, the Alberta Gaming and Liquor Commission and the Alberta Lottery Fund, for which the Minister is responsible, and**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.**

Minister's Accountability Statement

The Ministry's Annual Report for the year ended March 31, 2002, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 11, 2002 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.



Ron Stevens, QC
Minister

Message from the Minister

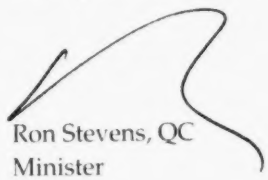
The face of gaming and liquor activities in Alberta has evolved and changed over the last 10 years. With this in mind, Alberta Gaming undertook a number of key initiatives over the past year to ensure that we had the regulatory and legislative framework in place that would reflect the realities of the gaming industry in today's environment.

My Ministry's biggest accomplishment was the conclusion and early-stage implementation of the recommendations arising from the Gaming Licensing Policy Review (LPR). The LPR was a comprehensive, 20-month review of the province's gaming policies, that involved countless hours of consultation with our stakeholders, including the public, charities, municipalities, and the gaming industry. The 61 recommendations formed with the input of these stakeholders will ensure that gaming activities in Alberta continue to meet my Ministry's objectives of integrity, accountability, social responsibility, and benefit to charitable organizations.

Further accomplishments in the year included the introduction of Bill 14, the *Gaming and Liquor Amendment Act, 2002*, and Bill 16, the *Racing Corporation Amendment Act, 2002*. Introduced in the Legislature in March, 2002, and proclaimed in June, 2002, Bill 14 will enhance the ability of the Alberta Gaming and Liquor Commission to manage the provinces gaming and liquor industries effectively and efficiently and ensure that those activities are conducted with the integrity that Albertans demand. Also introduced in March and proclaimed in June, the *Racing Corporation Amendment Act* is a major step in revitalizing the province's horseracing industry.

As well as the Gaming Licensing Policy Review and the introduction of legislation, my Ministry continued to work with interested First Nations under the guidance of the First Nations Gaming Policy; enhanced our work in the area of social responsibility with, for example, expanded training programs for industry staff and participation in a country-wide campaign on minors and alcohol consumption; and improved the ability of our Web sites to communicate our activities and provide useful information to Albertans.

The government remains committed to the province's charitable gaming model, and to the Alberta Lottery Fund. Before we contemplate any changes to legislation, policy, or regulation, we ask ourselves: are we serving the public interest with our policies? If we are sure that we've done a thorough consultation with stakeholders; that our policies reflect industry standards and best practices; that we understand the social and economic impacts of our decisions; and that Albertans will continue to benefit from gaming activities within the province, then I think we will be able to look back on our decisions and activities and know that we have the best possible policies and regulations in place that continue to balance the expectations and needs of all Albertans.



Ron Stevens, QC
Minister

Management's Responsibility for Reporting

The Ministry of Gaming includes the Department of Gaming, the Alberta Gaming and Liquor Commission, the Alberta Lottery Fund and the Alberta Gaming Research Council. The Ministry is also responsible for the *Racing Corporation Act* and the Racing Appeal Tribunal.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

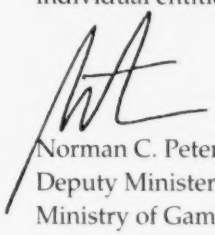
Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Gaming. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under Ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Gaming any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.



Norman C. Peterson
Deputy Minister
Ministry of Gaming

Organization Chart

ALBERTA LOTTERY FUND

Alberta Gaming's mission is, "To ensure integrity, transparency, disclosure, public consultation and accountability in Alberta's gaming and liquor industries to achieve the maximum benefit for Albertans."

Ministry of Gaming

The Ministry of Gaming is responsible for the Department of Gaming, the Alberta Gaming and Liquor Commission, Alberta Lottery Fund and the Alberta Gaming Research Council. The Ministry is also responsible for the *Racing Corporation Act* and the Racing Appeal Tribunal.

Department of Gaming

The department's responsibilities include overall business management and policy support for gaming and liquor activities in the province, communications and lottery funding programs.

Contact: Norman C. Peterson, Deputy Minister
Phone: (780) 447-8601
Fax: (780) 447-8950
E-mail: norm.peterson@aglc.gov.ab.ca

Contact: Ann Hammond, Assistant Deputy Minister
Phone: (780) 447-8647
Fax: (780) 447-8950
E-mail: ann.hammond@aglc.gov.ab.ca

Policy

Contact: Gerry Brygidyr, Director
Phone: (780) 447-8969
Fax: (780) 447-8933
E-mail: gerry.brygidyr@aglc.gov.ab.ca

The Policy division provides gaming policy analysis, works in conjunction with the Alberta Gaming and Liquor Commission on policy issues as required, provides administrative support to the Alberta Gaming Research Council and maintains liaison with the Alberta Gaming Research Institute.

Business Management

Contact: Lana Lougheed, Director
Phone: (780) 447-8975
Fax: (780) 447-8933
E-mail: lana.lougheed@aglc.gov.ab.ca

The Business Management division is responsible for business planning, performance measures, annual reports, overall financial reporting for the Ministry and Freedom of Information and Protection of Privacy services.

Communications

Contact: Marilyn Carlyle-Helms, Director
Phone: (780) 447-8719
Fax: (780) 447-8931
E-mail: marilyn.carlyle-helms@aglc.gov.ab.ca

The Communications division supports the Ministry in media relations, writing and editing, issues management and plans and coordinates external and internal communications.

Lottery Funding Programs

Contact: Carl Royan, Director
Phone: (780) 447-8810
Fax: (780) 447-8903
E-mail: carl.royan@aglc.gov.ab.ca

The Lottery Funding Programs division is responsible for lottery funded programs administered by Alberta Gaming. These programs include the Community Facility Enhancement Program, which provides financial assistance to build, purchase, repair, renovate or upgrade public-use facilities in Alberta communities.

The branch coordinates Alberta Lottery Fund initiatives and program reporting. The Alberta Lottery Fund supports over 8,000 projects annually, including agricultural and economic initiatives, as well as support for major Alberta exhibitions such as the Calgary Exhibition and Stampede and Edmonton Northlands, and regional exhibitions in Camrose, Grande Prairie, Lethbridge, Lloydminster, Medicine Hat, Olds and Red Deer.

Alberta Gaming and Liquor Commission

Contact: Norman C. Peterson, Chairman and Chief Executive Officer
Phone: (780) 447-8601
Fax: (780) 447-8950
E-mail: norm.peterson@aglc.gov.ab.ca

The Alberta Gaming and Liquor Commission (AGLC), an agent of the Government of Alberta, consists of a Board and a Corporation. The Corporation acts as the operational arm of the organization, while the Board is responsible for policy and regulatory matters. The AGLC operates under the *Gaming and Liquor Act*. The mission of the AGLC is to ensure that gaming and liquor activities are conducted with integrity and social responsibility and to maximize long-term economic benefits for Albertans. The AGLC administers the Alberta Lottery Fund under the provisions of the *Gaming and Liquor Act*.

Alberta Gaming Research Council

Contact: Sheila Murphy
Phone: (780) 447-8709
Fax: (780) 220-1528

The Alberta Gaming Research Council was established by Ministerial Order on August 24, 1999, to help direct the research activities of the Alberta Gaming Research Institute. The Institute is an independent consortium of the Universities of Alberta, Calgary and Lethbridge and is responsible for the conduct of research into the social and economic aspects of gaming.

The fourteen-member council was appointed for a three-year term and is made up of public and government representatives. The Council includes representatives from the gaming industry, the aboriginal community, youth, seniors, law enforcement, the Alberta Alcohol and Drug Abuse Commission (AADAC), Alberta Gaming, and Alberta Health and Wellness.

Alberta Lottery Fund

The Alberta Lottery Fund is a regulated fund established by the *Gaming and Liquor Act*. Under the *Act*, the government's share of proceeds from VLTs, slot machines, and ticket lotteries must be deposited into the fund. On an annual basis, the government allocates these proceeds to charitable, non-profit, public and community based initiatives throughout the province to benefit Albertans.

Racing Corporation Act

The Ministry of Gaming is responsible for racing legislation in Alberta. *The Racing Corporation Act* places the responsibility for management and regulation of the horse racing industry in Alberta on the Alberta Racing Corporation (ARC), a private, not-for-profit agency.

Racing Appeal Tribunal

The Racing Appeal Tribunal operates independently from the Alberta Racing Corporation (ARC). It hears appeals on the ARC's rulings. Members of the Tribunal are Don Hamilton (Chair), Peter Sebzda, and William (Bill) Elzinga.

More information on the Alberta Racing Corporation and the Racing Appeal Tribunal can be found in the Alberta Racing Corporation Annual Report.

Operational Overview

The vision of Alberta Gaming is a province that strives to balance choice and responsibility in its gaming and liquor industries, uses revenues derived from these activities for the benefit of Albertans, and provides opportunity for competition and enhanced services in its liquor and gaming industries. Our mission is to ensure integrity, transparency, disclosure, public consultation and accountability in Alberta's gaming and liquor industries to achieve the maximum benefit for Albertans.

Alberta Gaming supported the following three core businesses in its 2001 – 2004 business plan:

"Canadians strongly prefer government and charity-operated gambling over for-profit models of gambling delivery."

— Canada West Foundation, "Gambling in Canada: Triumph, Tragedy, or Tradeoff?" Final Report and Recommendations, Nov. 2001

1. **Develop provincial gaming and liquor legislation and policy, and regulate the gaming and liquor industries in accordance with legislation and policy.**

   The Ministry develops gaming and liquor legislation, regulation and policy in Alberta, and is committed to developing legislation, regulation and policy that strike a balance between choice and responsibility in gaming and liquor activities.

2. **Manage the Alberta Lottery Fund and administer designated lottery-funded programs to support Alberta communities.**

   The government's share of gaming proceeds is deposited into the Alberta Lottery Fund and identified for use in specific charitable, non-profit, public and community-based initiatives.

   The Department of Gaming coordinates development of the Lottery Fund budget and administers designated lottery-funded programs. The Alberta Gaming and Liquor Commission (AGLC) is responsible for administration of the Alberta Lottery Fund, including collection of revenues and disbursement of revenues according to an Appropriation Act.

   Alberta Lottery Fund expenditures support programs, projects and foundations administered by various ministries.

Did you know: *The Alberta Lottery Fund is the provincial government's share of revenue from provincial lotteries (slot machines, ticket lotteries and VLTs). Alberta Lottery Fund revenue for 2001 – 2002 was just over $1.1 billion.*

3. Support leading-edge research on gaming and liquor issues in Alberta.

Alberta is committed to being a key partner in supporting gaming and liquor related research. The Ministry established the Alberta Gaming Research Council to help direct the activities of the Alberta Gaming Research Institute — a consortium of the Universities of Alberta, Calgary and Lethbridge. The government's support to the Institute is funded from the Alberta Lottery Fund. The Institute was established to conduct research into the social and economic aspects of gaming, emerging gaming trends and problem gambling prevention and treatment.

Through legislation, policy and partnerships, the Ministry also supports the responsible use and enjoyment of alcohol and gaming entertainment.

These core businesses, along with our mission and vision, are reflected in our key achievements and activities for 2001 – 2002.

Did you know: *Funding of $1.5 million per year is provided from the Alberta Lottery Fund to the Alberta Gaming Research Institute to support and promote research into gaming.*

Consolidated Expense by Core Business March 31, 2002

(thousands of dollars)
Stated in the 2001 – 2004 Ministry Business Plan

Core Business	2002 Budget	2002 Actual	2001 Actual
1 Develop Legislation, Regulations and Policy for the Gaming and Liquor Industries	$ 89,794	$ 84,359	$ 71,008
2 Manage the Alberta Lottery Fund and Administer Designated Lottery Programs	945,318	1,035,057	945,623
3 Support Gaming and Liquor Research	1,749	1,708	1,630
Total Ministry Expense	$1,036,861	$1,121,124	$1,018,261

Key Achievements and Activities

New Gaming Licensing Policies

"Wise new rules on gambling"

— Edmonton Journal, October 23, 2001 (editorial)

The government announced a range of new gaming policies on October 22, 2001 which the Alberta Gaming and Liquor Commission (AGLC) began to implement during the fiscal year.

The policies are based on 61 recommendations of the AGLC following a comprehensive 20-month review of gaming licensing policies. The views of Albertans and stakeholders were instrumental to the recommendations dealing with charitable gaming activities (e.g. raffles, bingos, casinos, pull tickets) and provincial lotteries (e.g. VLTs, slot machines, tickets lotteries).

Did you know: *Through the Gaming Licensing Policy Review, the public, the gaming industry, municipalities, First Nations, law enforcement agencies, charitable organizations, and other stakeholders provided input into Alberta's gaming licensing policies.*

The new policies address a number of challenges regarding the future growth of gaming in the province. These are intended to ensure any future growth in gaming is carefully managed and controlled, and balance the consumer demand for gaming and its economic impacts with the public acceptance and social impacts of gaming. The new policies reflect the government's continued commitment to maintaining the unique charitable gaming model of the province.

The new policy directions included the following:

- the maximum number of VLTs in the province will continue to be maintained at 6,000, a limit in effect since 1995;
- the number of locations with VLTs will be reduced by 10 to 15 percent over the next three years;
- communities will have a greater opportunity to provide input on new casino or bingo halls in their respective communities;
- problem gambling awareness training will be compulsory for staff of VLT retailers and dedicated gaming venues such as casinos and association bingo halls; and
- bingo halls will be given more opportunities and flexibility to compete in the gaming industry of the province, including an opportunity to introduce electronic bingo and electronic keno in association bingo halls.

Alberta's new casino licensing policies will ensure that any growth is carefully managed and controlled.

First Nations Gaming Policy

With the completion of the new casino guidelines and the lifting of the moratorium on casinos, First Nations will now be able to apply for casino licences under the province's First Nations Gaming Policy. The specific standards for on-reserve casinos will be consistent with the charitable gaming model of the province and with the terms and conditions established for casino gaming. On-reserve casinos will be regulated by the AGLC. A portion of the revenue from these casinos will be allocated to a First Nations Development Fund, available to all First Nations in the province to support economic, social and community development projects, such as addictions programs, education, health and infrastructure.

"This agreement is the culmination of years of discussion and dialogue between the government and Alberta First Nations. It is also the first major economic agreement secured collectively by First Nations, with either the provincial or federal government."

— Ron Morin, Chief of the Enoch Cree Nation and Interim Chair of the Alberta First Nations Gaming Association, January, 2001

Review of Legislation and Regulation

Bill 14, the *Gaming and Liquor Amendment Act*, was introduced in the Alberta Legislature on March 6, 2002 following the completion of an in-depth review of the *Gaming and Liquor Act* and its accompanying regulation. The *Act* was proclaimed June 25, 2002. The amendments to the *Gaming and Liquor Act* are aimed at clarifying the terms, roles and responsibilities for both licensees and the AGLC. Input provided by stakeholders on the proposed changes to the legislation was taken into account in preparing the amendments.

"The Province of Alberta's involvement with gaming activities began in 1970, after the Criminal Code was amended to authorize provincial lotteries."

— Alberta Gaming and Liquor Commission, "Achieving a Balance — Volume I" Gaming Licensing Policy Review, July 2001

Among other amendments, the Board of the AGLC will be given increased authority to maintain and strengthen the integrity of gaming in Alberta. It will also be an offence against a liquor or gaming facility licensee to permit an apparently intoxicated person to gamble. As well, minors will be subject to a fine if found in a casino or racing entertainment centre. Previously, it was only an offence against the facility licensee.

The Gaming and Liquor Amendment Act was proclaimed June 25, 2002.

Further amendments enhance the AGLC's ability to conduct investigations into applicants for new gaming facilities, including casinos, prior to granting facility licences. This is to prevent those with criminal backgrounds or who might otherwise be a detriment to gaming from becoming involved with gaming in the province. Similarly, existing licensees will be under further scrutiny when applying for a new licence. This includes background checks involving more detailed checks into financial relationships among key participants involved with the application.

"While Albertans are concerned about the potential problems [of gambling], most (79%) somewhat or completely agree it is up to each individual to be responsible for their own gambling behaviour."

— Alberta Gaming and Liquor Commission, "Achieving a Balance — Volume I" Gaming Licensing Policy Review, July 2001

Social Responsibility

Promoting responsibility in the gaming and liquor industries continues to be a priority of the ministry. The problem gambling training program for staff of VLT retailers and casinos was expanded and made mandatory in response to a policy approved by the government following the gaming licensing policy review. The AGLC will also examine introducing new VLTs and slot machines with socially responsible gaming features. The successful casino voluntary self exclusion program also continued to grow this year. In this program, players voluntarily request they be prohibited from entering casino facilities in the province.

In another initiative, the AGLC joined other liquor jurisdictions and local retail liquor stores in a campaign to increase awareness of the issue of prohibiting minors from obtaining liquor.

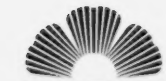
Alberta Lottery Fund

Did you know: *In 2001, international events such as the Festival of the World's and the ITU Triathlon World Championship received major funding support from the Alberta Lottery Fund.*

A total of $1.1 billion was placed in the Alberta Lottery Fund in the 2001 – 02 fiscal period. This is the government's share of proceeds from ticket lotteries, slot machines and video lottery terminals (VLTs). The Alberta Lottery Fund provides support to thousands of charitable, non-profit, public and community-based initiatives each year in the province. The government votes each year on the disbursement of funds from the Alberta Lottery Fund to such initiatives. The funds were distributed through five foundations, two key granting programs, and 11 ministries. The Alberta Lottery Fund searchable database at www.aglc.gov.ab.ca continues to offer Albertans an opportunity to see how lottery funds benefit their communities. Already offering the ability to search by recipient or community, the database was upgraded to offer visitors the ability to narrow their searches further with the option of breaking community searches down by specific programs, such as the Community Facility Enhancement Program.

The Community Facility Enhancement Program provides financial assistance for the expansion and upgrading of Alberta's extensive network of community use facilities. The Program provides matching grants to municipalities, First Nations and Metis Settlements, and registered community non-profit groups to purchase or improve sports, recreational, cultural or other related family and community wellness facilities.

As part of the Government's commitment to fiscal responsibility, a decision was made to discontinue the Community Lottery Board program at the end of the 2002 fiscal period. This program, initiated in fiscal 1999, disbursed over $50 million in lottery funds through 88 local community lottery boards each year.



Charitable Gaming Model

Eligible charitable groups throughout the province may raise funds through charitable gaming, which includes bingos, casinos, pull ticket sales and raffles or charitable lotteries. These gaming activities may only occur under licences issued to eligible charities by the Commission, and comprise the distinct charitable gaming model of the province. The government is committed to maintaining this model.

In fiscal 2002, charities received more than $200 million in revenue from charitable gaming to support charitable projects in communities throughout the province. This funding is in addition to the $1.1 billion distributed from the Alberta Lottery Fund.

Approximately $200 million was returned to charitable and religious organizations in 2001 – 2002 through proceeds from licensed gaming activities, under Alberta's unique charitable gaming model.

Did you know: *Returns to charities holding casino events have more than tripled since 1996 – 1997, from $27.8 million to approximately $114.8 million in 2001 – 2002.*

Racing Corporation Amendment Act

In response to requests from the horse racing industry of the province to enhance the horse racing and breeding industry, the Minister introduced Bill 16, the *Racing Corporation Amendment Act*, on March 6, 2002 in the Alberta Legislature. The Act was proclaimed on June 25, 2002.

The amendments expand the board of the industry's governing body from seven to 12 members. This will allow for additional representatives from key racing industry stakeholder groups not previously represented on the Alberta Racing Corporation Board. The Alberta Racing Corporation will be renamed Horse Racing Alberta, to reflect the new, integrated governance structure for the industry.

The ministry acknowledges the far reaching effects of a strong horse racing industry, particularly in the province's agricultural community. In this respect, the ministry will also continue to work with the industry under the terms of the Racing Industry Renewal Initiative to assist the horse racing industry to maintain and enhance live horse racing in the province. As a part of this initiative, racing entertainment centers (RECs) are operated adjacent to the race tracks at Edmonton Northlands and Lethbridge Whoop-Up Downs. The government's share of proceeds from the slot machines at the RECs and a charitable casino in Calgary are placed in the Alberta Lottery Fund and a portion is returned to the racing industry for racetrack operations and capital development and for purse enhancements.

"The horse racing industry has a long and valued history in Alberta and has a rippling effect through the province, particularly within the agricultural community."

— Honourable Ron Stevens, QC
March 2002 (news release)

Did you know: *By the 1920s, betting on horse races was active in Alberta.*

Alberta Racing Corporation Activities

The objectives of the Alberta Racing Corporation are:

- To govern, direct, control, regulate, manage, and promote horse racing in any or all of its forms;
- To protect the health, safety, and welfare of horses and, with respect to horseracing, the safety and welfare of racing participants and racing officials; and
- To safeguard the interests of the general public in horseracing.

Pari-Mutuel wagering on horseracing continued to climb in fiscal 2001, with $147 million in bets placed on Alberta and foreign, live and simulcast racing. This is up nine per cent from fiscal 2000, when $135 million was wagered.

The Alberta Racing Corporation continued to enforce the rules of horse racing through a fair and just system of investigation, hearings and penalties as outlined in The Rules Governing Racing in Alberta. More information on the Alberta Racing Corporation and the Racing Appeal Tribunal can be found in the Annual Report of the Alberta Racing Corporation.

"82 per cent of Albertans participated in gambling activities in 2001."

— Alberta Gaming Research Institute, "Measuring gambling and problem gambling in Alberta using the Canadian Problem Gambling Index" February, 2002

Alberta Gaming Research Institute (AGRI) Activities

The research into the social and economic impacts of gaming is relatively new and complex. In this respect, ongoing research will help build the knowledge needed for sound policy decisions. Such research is currently conducted through the Alberta Gaming Research Institute. The Institute was established in 1999 and the government's support to the Institute is funded entirely from the Alberta Lottery Fund. The Institute supports and promotes research into gaming.

"The most common form of gambling in Alberta is the purchasing of lottery tickets (61.8 per cent) followed by raffles (49.5 per cent)."

— Alberta Gaming Research Institute, "Measuring gambling and problem gambling in Alberta using the Canadian Problem Gambling Index" February, 2002

In its second year, the Institute supported 13 new research projects. The projects it supports are divided into four broad categories or domains. These include bio-physical and health care; government and industry policy and practice; socio-cultural impacts of lotteries and gambling; and the economic impacts of lotteries and gambling. A cross-Canada study of the new Canadian Problem Gambling Index was undertaken and results announced in fiscal 2002. The index is a new survey research instrument used to measure the prevalence of problem gambling in a population. It improves upon the instruments used in the past in Alberta to measure problem gambling. More information about the survey and the institute can be found on the AGRI's web site (www.abgaminginstitute.ualberta.ca).

Results Analysis

Message from the Deputy Minister

The 2001 – 02 fiscal year was a remarkable time for the Ministry of Gaming.

During fiscal 2002, a comprehensive review of gaming licensing policies in the province was concluded and recommendations provided to government. The aim of the Gaming Licensing Policy Review was to arrive at policies to address the challenges arising from the growth in the province's maturing gaming industry. The views and perspectives of Albertans and stakeholders were instrumental in the recommendations arising from the policy review.

The government announced on October 22, 2001 that it adopted, or adopted with amendment, all 61 review recommendations made by the Alberta Gaming and Liquor Commission. When the recommendations have been implemented, they will allow this ministry to effectively control and manage the growth of gaming activities, and to do so in a socially responsible manner.

The Commission began the process of implementing the government's new policy direction in the fiscal year. This included consultation with stakeholders on the development of specific standards for new casinos, including First Nations casinos. Stakeholders were also consulted regarding new rules for video lottery terminals. The overall aim of the new VLT policies is to reduce accessibility to VLTs. The process of consultation will continue in the next fiscal year as the other policy standards, including those for bingo and pull ticket sales, are developed based on the policy direction of government.

During the year, a review was also undertaken of the *Gaming and Liquor Act* and the *Gaming and Liquor Regulation*. This was the first review of the Act since it came into effect in July 1996. Foremost in the review was the need to ensure gaming and liquor activities are conducted with integrity, and that the Alberta Gaming and Liquor Commission possesses reasonable powers to effectively regulate these activities. The review involved extensive consultation with stakeholder groups throughout the province. Bill 14, the *Gaming and Liquor Amendment Act*, was subsequently introduced in the Spring 2002 session of the Legislature and was proclaimed on June 25, 2002.

The Ministry continues its committment to maintaining the charitable gaming model. The government's policy direction following the Gaming Licensing Policy Review supports this model as a way for charities to raise funds directly for their community projects. During the year, charities received over $200 million from charitable gaming activities: bingo, casinos, raffles and pull tickets. These activities may only occur when an eligible charitable group has been licensed by the Alberta Gaming and Liquor Commission to conduct that gaming activity.

The Ministry continued to improve its Web site, giving Albertans easy, transparent and up to date access to facts and information regarding the province's gaming and liquor activities. Licensee handbooks and the terms and conditions for licensed gaming facilities were included on the Web site, in an easily downloadable format. Information regarding the disbursement of funds from the Alberta Lottery Fund is also provided on the Web site. This Web site also allows Albertans to see how these funds have been allocated to their communities for local initiatives.

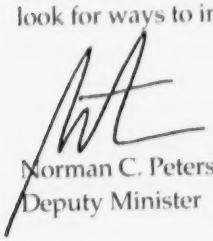
This ministry is proud of the private liquor retailing model in this province. Under this model, private liquor retailers continue to provide Albertans with some of the lowest liquor prices in the country, and with high levels of customer service and selection. As reflected in the performance measure results for the year, most Albertans are fully satisfied with this model and the conduct and operation of liquor activities in the province.

Various challenges face the Ministry in the future. These include:

- implementing the full range of gaming policies approved by government following from the gaming licensing policy review;
- keeping abreast of developments and emerging issues in the gaming and liquor industries, including the use of the Internet for gaming;
- improving public awareness of the Alberta Lottery Fund, including how the fund benefits charitable, non-profit, public and community-based initiatives in communities throughout the province;
- continuing to improve the process to obtain input from Albertans and stakeholders regarding major policy decisions;

- obtaining relevant and valuable gaming-related research to ensure gaming policies continue to be effective and sound; and
- continuing to obtain the support of stakeholders toward innovative social responsibility programs that promote responsible gaming and alcohol consumption, and help to prevent abuse in these areas.

The ministry relies upon its capable and dedicated staff to carry out the ministry's initiatives while fulfilling the daily obligations under its mandate. As reflected in the performance measures for the year, stakeholders expressed a high level of satisfaction with service from ministry staff. This speaks highly for the ministry's staff and the work they do. It indicates to us we are on the right track as we continue to look for ways to improve our services to Albertans.



Norman C. Peterson
Deputy Minister

AUDITOR GENERAL
Alberta

Report of The Auditor General on The Results of Applying Specified Auditing Procedures To Key Performance Measures

To the Members of the Legislative Assembly:

I have performed the following procedures in connection with the Ministry of Gaming's key measures included in the *2001 – 2002 Annual Report of the Ministry of Gaming* as presented on pages 25 to 47.

1. Information obtained from an independent source was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.
2. The calculations which converted source information into reported measures were tested.
3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit, and therefore I express no opinion on the key measures included in the *2001 – 2002 Annual Report of the Ministry of Gaming*.

Fred J. Dunn CA
Auditor General

Edmonton, Alberta
August 8, 2002

Performance Measures

The Ministry of Gaming performance measures, targets and results for 2001 – 2002 are presented in this section. These measures are derived directly from the Ministry's 2001 – 2004 Business Plan and are presented in a manner consistent with the Alberta government's accountability framework.

The performance measures articulated in the 2001 – 2004 Business Plan of the Alberta Gaming and Liquor Commission (AGLC) are also included in this section. Additional information about the AGLC and its key activities can be found in the Alberta Gaming and Liquor Commission 2001 – 2002 Annual Report published under separate cover.

The vision of the Ministry is:

"A province that strives to balance choice and responsibility in its gaming and liquor industries, uses revenues derived from these activities for the benefit of Albertans, and provides opportunity for competition and enhanced services in its liquor and gaming industries."

The Ministry's mission is:

"To ensure integrity, transparency, disclosure, public consultation and accountability in Alberta's gaming and liquor industries to achieve the maximum benefit for Albertans."

Results Achieved

April 1, 2001 – March 31, 2002

The Ministry is committed to providing superior service to its stakeholders, partners and to the public, and to carrying out its responsibilities transparently and efficiently. This commitment is evident in the results achieved for the performance measures with the majority of the results exceeding the targets.

Core Business #1

Develop provincial gaming and liquor legislation and policy, and regulate the gaming and liquor industries in accordance with legislation and policy

The Ministry develops gaming and liquor legislation, regulation and policy in Alberta, and is committed to developing legislation, regulation and policy that strike a balance between choice and responsibility in gaming and liquor activities.

Goal

Alberta gaming and liquor policy achieves a balance between social responsibility and economic benefit to Albertans.

Performance Measure	Target	Result
Percentage of Albertans surveyed who are satisfied with the conduct of the liquor business in Alberta.	70%	80%
Percentage of Albertans surveyed who are satisfied with the conduct of legal gaming entertainment in Alberta.	65%	69%

About the Results

Alberta Gaming commissioned Research Innovations Inc. to undertake a telephone survey of Albertans to determine overall satisfaction with the conduct of the liquor business in Alberta and the conduct of legal gaming entertainment in Alberta.

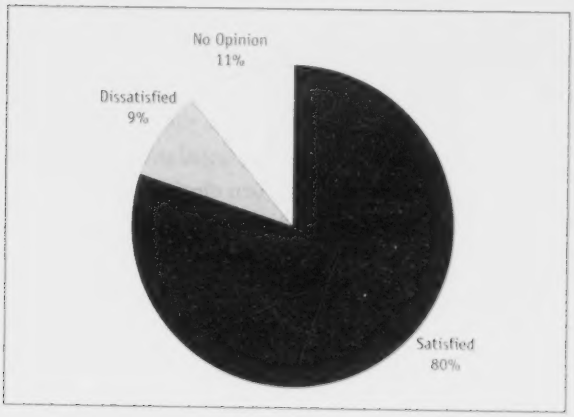
In January 2002, a total of 1,000 adult Albertans were interviewed, providing a margin of error that is +/- 3.2%, 19 times out of 20. A stratified random sample of Albertans was interviewed. The sample was stratified by region, and by age and gender within each region (based on Statistics Canada's 1996 Census data). The sample was drawn randomly from the most recent residential phone listings within Alberta. Respondents were considered satisfied if they indicated they were very satisfied, satisfied, or somewhat satisfied.

Conduct of the liquor business in Alberta

Key Results

When asked to rate their overall satisfaction with the way the liquor business is conducted in Alberta, 80% of respondents indicated they were satisfied, 9% were dissatisfied and 11% did not provide an opinion.

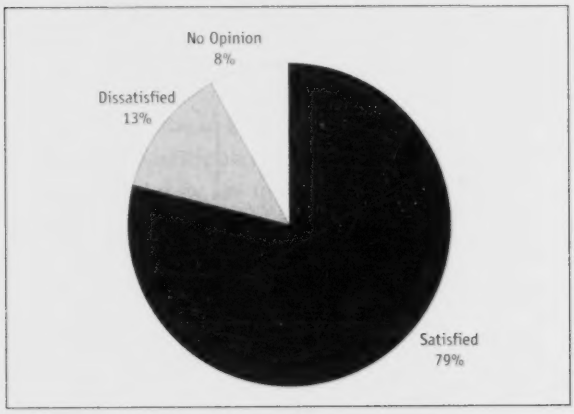
Overall Satisfaction with Liquor Business



Supplemental Information

In addition to assessing overall satisfaction with the conduct of the liquor business in Alberta, respondents were also asked about their level of satisfaction with various aspects of the liquor business. For example, at the outset of the interview it was explained that the Alberta government privatized the retailing of liquor in 1993 and that the government continues to regulate and licence the liquor industry in Alberta. When asked how satisfied they are with how liquor is sold in Alberta, 79% were satisfied, 13% were dissatisfied and 8% did not state an opinion.

Satisfaction with How Liquor is Sold in Alberta



Respondents who had purchased liquor at a retail liquor store in the past 12 months were also asked to rate their satisfaction with five different aspects of the liquor stores that they have patronized. Of the 76% of Albertans surveyed who indicated that they have purchased liquor at a retail liquor store in Alberta in the past 12 months, the vast majority were satisfied with:

Area of Satisfaction	Satisfied
The overall level of service generally received	96%
The locations of liquor stores	94%
The selection of products in liquor stores	93%
The hours of operation of liquor stores	89%
The price of products	75%

Albertans who had purchased liquor at a bar, lounge or restaurant in Alberta in the past 12 months were asked to rate their level of satisfaction with the hours of operation of these establishments and the overall conduct of their business in an appropriate responsible manner. About three out of five (59%) Albertans surveyed indicated they have

purchased liquor at a bar, lounge or restaurant in Alberta in the past 12 months. A total of 94% of the respondents were satisfied with the hours of operation of these establishments and 91% were satisfied with the overall conduct of their business in an appropriate, responsible manner.

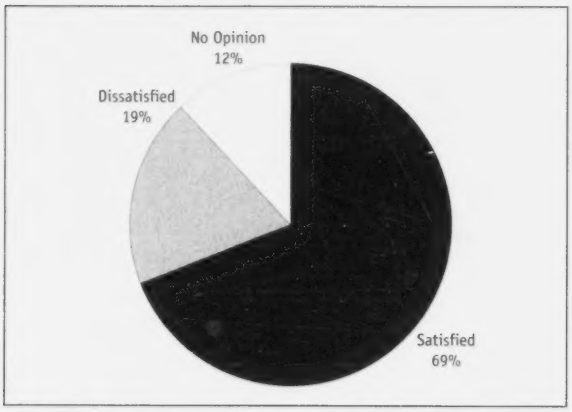
Conduct of legal gaming entertainment in Alberta

Key Results

Albertans were asked how satisfied they are, overall, with the conduct of gaming entertainment in Alberta. A total of 69% indicated they were satisfied, 19% were dissatisfied and the remaining 12% did not state an opinion.

Did you know: *Slot machines are restricted to dedicated gaming facilities, such as casinos and racing entertainment centres.*

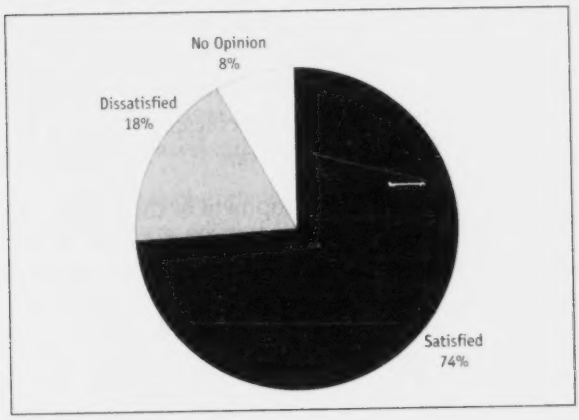
Overall Satisfaction with the Conduct of Gaming Entertainment in Alberta



Supplemental Information

In addition to assessing overall satisfaction with the conduct of gaming entertainment in Alberta, respondents were also asked about their level of satisfaction with various aspects of gaming activities. For example, it was explained that in Alberta we have a charitable gaming model for casino, pull ticket, raffle and bingo events. These gaming activities can only occur when eligible non-profit, charitable organizations apply for and receive licences to conduct gaming activities. Respondents were further advised that in 2000 – 2001, these activities generated more than $170 million dollars for more than 8,000 charities and religious organizations in Alberta. When asked how satisfied they are with this model of charitable gaming in Alberta, 74% of respondents indicated they were satisfied, 18% were dissatisfied and 8% did not state an opinion.

Satisfaction with Alberta's Charitable Gaming Model



"By a significant margin, Alberta charities have the greatest access to gambling opportunities and revenue."

— Canada West Foundation, "Gambling in Canada 2001: An Overview" August, 2001

Respondents were also asked if they had participated in various gaming activities in the past 12 months. For each gaming activity in which they participated in the past 12 months, respondents were asked how satisfied they are that the activity was conducted in an appropriate, responsible manner. As the following table illustrates, most participants were satisfied that each of the seven different gaming activities was conducted in an appropriate and responsible manner:

Gaming Activity	Satisfied
Raffles	93%
Pull-tickets, break opens or Nevada tickets	92%
Casino table games	92%
Lottery tickets	92%
Bingo	91%
Slot machine games	86%
Video lottery terminal or VLT Games	80%

Did you know: *VLTs are only located in Class A Minors Restricted facilities, such as bars and lounges.*

Core Business #2

Manage the Alberta Lottery Fund and administer designated lottery-funded programs to support Alberta communities

All provincial government gaming revenue is deposited into the Alberta Lottery Fund and identified for use in specific charitable, non-profit, public and community-based initiatives.

The Department of Gaming coordinates development of the Lottery Fund budget and administers designated lottery-funded programs. The AGLC is responsible for administration of the Alberta Lottery Fund, including collection of revenues and disbursement of funds.

Alberta Lottery Fund allocations support programs, projects and foundations administered by various ministries.

Goal

Lottery funds support charitable, non-profit, public and community-based initiatives.

Performance Measure	Target	Result
Percentage of Alberta Lottery Fund disbursements committed to supporting charitable, non-profit,public and community-based initiatives.	100%	2001/02 – 100% 2000/01 – 100% 1999/00 – 100%
Percentage of administration costs of lottery-funded programs administered by the Department of Gaming.	Less than 2% of program disbursements	2001/02 – 1.2% 2000/01 – 1.2% 1999/00 – 1.2%
Percentage of Albertans who are aware of the Alberta Lottery Fund and its support for communities and charitable, non-profit organizations.	Establish baseline	44%

About the Results

Lottery Fund disbursements committed to supporting charitable, non-profit, public and community-based initiatives

Key Results

The Alberta Lottery Fund is made up of the government portion of revenues from video lottery terminals, slot machines and ticket lotteries. In accordance with government policy, these funds are used to support foundations and grant programs, and community and non-profit initiatives, including identifiable broad-based government initiatives that benefit Alberta communities.

During the annual business planning and budget process, government ministries identify projects that support charitable, non-profit, public or community-based initiatives. Funding for these initiatives is debated in the Legislature to ensure full public disclosure and to ensure lottery fund disbursements support charitable, non-profit, public and community-based initiatives.

Ministries that operate lottery-funded programs cannot transfer these lottery funds to general revenue fund initiatives within the ministry's budget. Any unspent lottery fund allocations are transferred to general revenues at the end of the fiscal year, as disclosed in the financial statement of these ministries. Each ministry receiving lottery fund allocations is responsible for ensuring the funding is used appropriately.

Examples of broad-based government initiatives that were allocated funding from the Alberta Lottery Fund in 2001 – 2002 include:

- infrastructure projects
- school renewal and construction
- senior's facility upgrades
- health facility construction
- strategic research

In fiscal 2001 – 2002, the Lottery Fund also contributed to the debt repayment plan. Repayment of debt with lottery funds is a public initiative supported by Albertans.

In addition, over 6,500 lottery grants are approved each year through foundations, agencies and programs. Recipients of these grants include:

- culture and arts groups
- libraries and museums
- sports and athletic events
- wildlife and conservation projects
- health and wellness initiatives
- seniors groups
- recreation and tourism
- agricultural fairs and exhibitions

Additional information about lottery fund allocations and grant recipients is available on the Alberta Gaming Web site at www.gaming.gov.ab.ca

"Alberta ... changed its reporting [in 2000] to account for the spending of every dollar of gambling through its revenue fund.

— Canada West Foundation, "Gambling in Canada 2001: An Overview" August, 2001

Administration costs of designated lottery-funded programs

Key Results

In 2001 – 2002 the Ministry of Gaming was responsible for administering designated lottery funded programs including the Community Facility Enhancement Program, the Community Lottery Board Grants Program, major fairs and exhibitions and other initiatives.

The Ministry is committed to keeping the costs of administering these programs to a minimum; specifically to less than 2% of program disbursements.

Lottery Program administration costs represent salaries, benefits, supplies and services costs of the Lottery Funding Program Division of Alberta Gaming. In 2001 – 2002, these costs were $1,382,000. Program disbursements represent all disbursements to the Community Facility Enhancement Program, Community Lottery Board Grant Program, major fairs and exhibitions and other initiatives. In 2001 – 2002, these disbursements were $112,467,000.

Awareness of the Alberta Lottery Fund and its support for communities and charitable, non-profit organizations

Key Results

Alberta Gaming is committed to ensuring that Albertans are aware of how lottery dollars are spent, and to assessing Albertans' level of satisfaction with how lottery funds are used. In January 2002, a total of 1,000 adult Albertans were interviewed, providing a margin of error that is +/- 3.2%, 19 times out of 20. The random survey sample was stratified by region, and by age and gender within each region (based on Statistics Canada's 1996 Census data). The sample was drawn randomly from the most recent residential phone listings within Alberta.

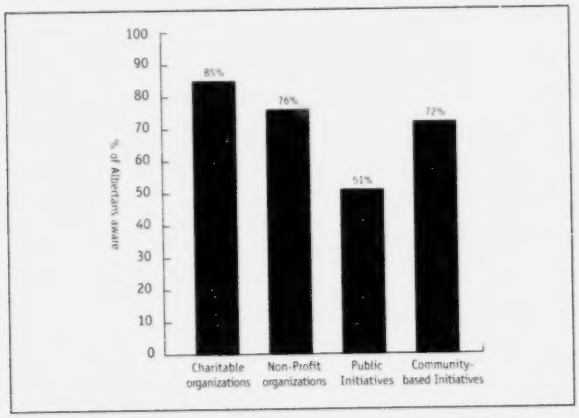
On January 16, 2002, Albertans were given the opportunity to buy a Scratch 'N Win lottery ticket to support the Edmonton Oilers and the Calgary Flames. The Breakaway to Win lottery ticket surpassed $4 million in sales.

Of the Albertans surveyed, 44% said they were aware of the Alberta Lottery Fund and aware that the Fund supports at least one of the different types of organizations or initiatives (charitable, non-profit, public and community-based initiatives).

Supplemental Information

Among those who were aware of the Alberta Lottery Fund, there was relatively high awareness that the Fund supports charitable, non-profit, public and community-based organizations.

Per cent aware that the Alberta Lottery Fund supports certain types of organizations and initiatives*

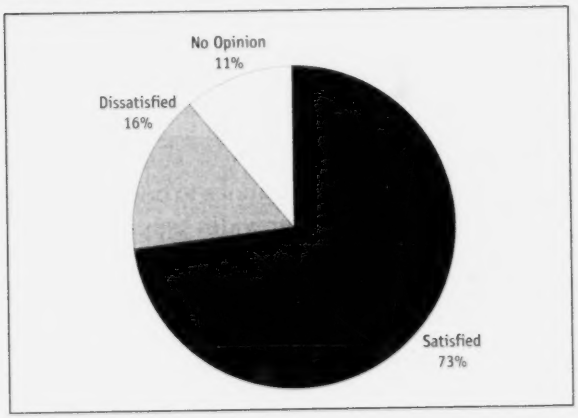


*Among the 44% of Albertans aware of the Alberta Lottery Fund

In addition to assessing awareness of the Alberta Lottery Fund and what it supports, Albertans were also asked about their level of satisfaction with how lottery fund revenues are used.

It was explained to all respondents that the Alberta Lottery Fund is the government's share of revenue from video lottery terminals, slot machines and lottery ticket sales and that Alberta Lottery Fund revenue is used to fund charitable, non-profit, public and community-based initiatives. When asked how satisfied they are with how the Alberta Lottery Fund revenues are used, 73% of respondents indicated they were satisfied, 16% were dissatisfied, and 11% did not state an opinion.

Satisfaction with use of Alberta Lottery Fund Revenues



Core Business #3

Support leading-edge research on gaming and liquor issues in Alberta

Alberta is committed to being a key partner in supporting gaming and liquor related research. The Ministry established the Alberta Gaming Research Council to help direct the activities of the Alberta Gaming Research Institute — a consortium of the Universities of Alberta, Calgary and Lethbridge.

The government's support of the Institute is funded by the Alberta Lottery Fund. This funding is used to conduct research into the social and economic aspects of gaming, emerging gaming trends and problem gambling prevention and treatment.

Through legislation, policy and partnerships, the Ministry also supports the responsible use and enjoyment of alcohol and gaming entertainment.

Goal

The Ministry is a partner in leading-edge gaming and liquor research.

Performance Measure	Target	Result
Percentage of partners who are satisfied with level of support and cooperation for research, prevention and treatment programs.	Establish baseline	86%
Percentage of Albertans surveyed who are aware of prevention and treatment programs for problem gambling and alcohol abuse.	Establish baseline	93%

About the Results

Partner satisfaction with support and cooperation for research, prevention and treatment programs

Key Results

Alberta Gaming commissioned Research Innovations to undertake a survey of partners to whom Alberta Gaming provides support and cooperation for research, prevention and treatment programs.

In January, 2002, partners were interviewed, providing a margin of error that is +/- 3.9%, 19 times out of 20. Partners were asked to rate their satisfaction based on six choices: very satisfied; satisfied; somewhat satisfied; somewhat dissatisfied; dissatisfied; or very dissatisfied. Partners were considered satisfied if they indicated they were very satisfied, satisfied, or somewhat satisfied.

Partners surveyed included five out of eight industry associations and government agencies: Alberta Hotel and Lodging Association; Alberta Restaurant and Foodservices Association; Alberta Children Services; Alberta Gaming Research Council; Alberta Alcohol and Drug Abuse Commission (AADAC) and 10 out of 13 Casino and Racing Entertainment Centre Operators.

To calculate overall satisfaction among the 15 partners that participated in the survey the results were weighted so that the number of respondents in each group was proportionate to their representation in the total partner population.

In terms of satisfaction with support and cooperation for research activities, 80% of both partner groups were satisfied and 92% were satisfied with support and cooperation for prevention and treatment programs. Overall satisfaction was calculated by adding these two results together and then dividing by two, resulting in 86% satisfaction with Alberta Gaming's support and cooperation for research, prevention and treatment programs.

Albertans awareness of prevention and treatment programs for problem gambling and alcohol abuse

Key Results

In January 2002, a total of 1,000 adult Albertans were interviewed, providing a margin of error that is +/- 3.2%, 19 times out of 20. The random survey sample was stratified by region, and by age and gender within each region (based on Statistics Canada's 1996 Census data). The sample was drawn randomly from the most recent residential phone listings within Alberta. Respondents were asked to rate their satisfaction based on six choices: very satisfied; satisfied; somewhat satisfied; somewhat dissatisfied; dissatisfied; or very dissatisfied. Respondents were considered satisfied if they indicated they were very satisfied, satisfied, or somewhat satisfied.

Albertans were asked if they have ever heard, seen or read anything about prevention and treatment programs for problem gambling and/or alcohol abuse that are offered in Alberta. A total of 93% of Albertans indicated they have seen information about prevention and treatment programs for problem gambling and/or alcohol abuse.

Supplemental Information

A total of 72% of Albertans who had participated in casino table games or slot machine games in the past 12 months indicated they had seen something in an Alberta casino about prevention and treatment programs for problem gambling.

Similarly, 74% of Albertans who had played video lottery terminal (VLT) games in the past 12 months had seen something about prevention and treatment programs for problem gambling in establishments with VLTs.

In both cases, the five items most often seen were signs, posters, notices, stickers on the machines, and the toll free 1-800-665-9676 help line number for problem gambling.

In terms of prevention and treatment programs for alcohol abuse, 78% of Albertans indicated they had heard, seen or read something about prevention and treatment programs for alcohol abuse that are offered in Alberta.

Alberta Gaming and Liquor Commission Performance Measures

As indicated at the beginning of the Performance Measures section, the performance measures articulated in the 2001 – 2004 Business Plan of the Alberta Gaming and Liquor Commission (AGLC) are included here. Additional information about the AGLC and it's key activities can be found in the Alberta Gaming and Liquor Commission 2001 – 2002 Annual Report published under separate cover.

As an agent of the Government of Alberta, the AGLC works to achieve the vision of the Ministry.

The Vision of the Alberta Gaming and Liquor Commission is:

"A province that strives to balance choice and responsibility in its gaming and liquor industries, uses revenues derived from these activities for the benefit of Albertans, and provides opportunity for competition and enhanced services in its liquor and gaming industries."

The Mission of the Alberta Gaming and Liquor Commission is:

"To ensure that gaming and liquor activities in Alberta are conducted with integrity and social responsibility and to maximize long term economic benefits for Albertans"

Results Achieved

April 1, 2001 – March 31, 2002

The AGLC is committed to providing superior service to its stakeholders, partners and to the public, and to carrying out its responsibilities transparently and efficiently. This commitment is evident in the results achieved for the performance measures with the majority of the results exceeding the targets.

AGLC Core Business #1

License and regulate liquor activities

The Alberta Gaming and Liquor Commission (AGLC) licenses, registers, regulates and monitors all liquor activities in the province according to the *Gaming and Liquor Act* and Regulation, other provincial and federal legislation, and AGLC policies.

Did you know: *Any liquor products sold in Alberta must be registered with the AGLC.*

Goal

Develop liquor policy and conduct licensing activities in accordance with the *Gaming and Liquor Act* and Regulation.

The importation, distribution, sale and consumption of liquor products are conducted according to legislation and policy.

Performance Measure	Target	Result
Licensees comply with legislation, regulations and policy.	85%	98%
Percentage of licences and registrations approved within established timeframes.	95%	99.8%
Percentage of liquor industry clients who are satisfied with level of services provided by AGLC.	Establish baseline	95%

About the Results

Compliance with legislation, regulation and policy

Key Results

The Regulatory Division of the AGLC is responsible for conducting inspections of licensed liquor premises in Alberta to ensure licensees are complying with legislation, regulations and policy.

Inspectors complete an Inspection Report for each inspection conducted. If a significant violation, which would give rise to a penalty or hearing under the *Gaming and Liquor Act*, Regulation, or Board Policy is identified, an incident report is prepared and the matter is referred to the Board of the AGLC. Compliance is not met if there is an incident report. In 2001 – 2002, the Alberta Gaming and Liquor Commission conducted 15,430 liquor inspections and 247 incident reports were generated, indicating 98% compliance.

Licences and registrations approved within established timeframes

Key Results

The AGLC is committed to providing superior service to its stakeholders, partners, and to the public. For the purpose of this performance measure, service is measured by means of meeting response time targets to customers applying for licences and registrations. This includes New Licences issued to an individual or organization for the sale and consumption of liquor, and Special Event Licences issued to allow the licence holder to host a function with liquor service. A Liquor Agency Registration allows a liquor agency to act as a representative of a liquor supplier in the sale of the supplier's liquor in Alberta.

Response times are calculated from the date of receipt of complete documentation to the final processing date of the application. Results equal the ratio of applications completed within established timeframes to the total number of applications processed during the period.

In 2001 – 2002, over 1,700 licences and registrations were issued. As the chart below indicates, almost all were completed within the targeted timeframes.

Type	Number Processed	Target Response Time (business days)	Percentage Completed within Timeframe
New Licences	1,005	21 days	2001/02 – 100 % 2000/01 – 100%
Special Event Licences	695	14 days	2001/02 – 100% 2000/01 – 93%
Liquor Agency Registrations	38	7 days	2001/02 – 89 % 2000/01 – 100%
Total	1,738		2001/02 – 99.8%

Liquor industry client satisfaction with AGLC services

Key Results

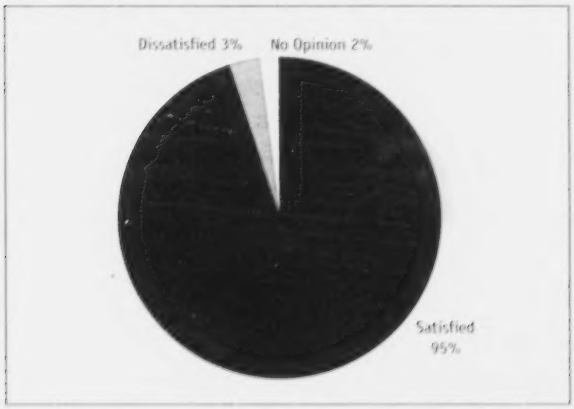
For this performance measure, Research Innovations Inc. was commissioned to survey liquor industry clients to assess their level of satisfaction with the services provided by the AGLC. In January 2002, 364 of the 6,284 Liquor Licensees and 124 of the 216 Registered Liquor Agencies were interviewed, providing a margin of error that is no more than +/- 5.0%, 19 times out of 20.

A random and representative sample of both client groups were asked to focus on the services provided to them by the AGLC over the past 12 months and to rate their satisfaction with three different aspects of service; courtesy of employees, response time, and knowledge of employees.

Clients were asked to base their level of satisfaction on six choices: very satisfied; satisfied; somewhat satisfied; somewhat dissatisfied; dissatisfied; or very dissatisfied. Satisfaction ratings represent the total per cent of respondents indicating they were very satisfied, satisfied or somewhat satisfied with the service.

Overall satisfaction was calculated by weighting the results so that the number of respondents in each group was proportionate to their representation in the entire client population. Overall satisfaction with the services provided by the AGLC is 95%.

Liquor Industry Clients — Overall Satisfaction



Supplemental Information

Liquor Licensees indicated 92% satisfaction with the courtesy of employees, 90% satisfaction with the response time and 88% were satisfied with the knowledge of employees.

A total of 100% of the Registered Liquor Agencies were satisfied with the courtesy of employees and 98% were satisfied with both the response time and the knowledge of employees.

AGLC Core Business #2

License and regulate charitable gaming activities

Alberta is a leader with its charitable gaming model for casino, pull ticket, raffle and bingo events. These gaming activities only occur when eligible non-profit and charitable organizations apply for and receive licences to conduct gaming activities.

Alberta's charitable gaming model ensures proceeds from gaming activities provide a benefit to the community.

Goal

Develop gaming policy and conduct licensing activities under the authority of the *Criminal Code (Canada)* and in accordance with the *Gaming and Liquor Act* and Regulation.

All gaming activities, use of proceeds and financial reporting are conducted according to legislation and policy.

Performance Measure	Target	2001/02 Result
Gaming activities are conducted in accordance with legislation, regulations and policy.	Compliance rates: Bingo: 90% Casino: 90% Pull Ticket: 80% Raffle: 80%	Compliance rates: Bingo: 93% Casino: 98% Pull Ticket: 99% Raffle: 97%
Percentage of licences and registrations completed within established timeframes.	95%	98%
Percentage of gaming industry clients who are satisfied with level of service provided by AGLC.	Establish baseline	95%

About the Results

Compliance with legislation, regulations and policy

Key Results

The Regulatory Division of the Alberta Gaming and Liquor Commission conducts inspections and audits of charitable gaming activities to ensure that licensees are complying with legislation, regulations and policy.

Inspectors complete an inspection report for each inspection conducted. An inspection involves an inspector reviewing the processes, procedures and/or activities conducted at licensed premises, licensed facilities or at licensed gaming events to ensure they are conducted as required. If a violation, which would give rise to a penalty or hearing under the *Gaming and Liquor Act*, Regulation, or Board Policy is identified, an incident report is prepared and the matter is referred to the Board of the AGLC or is referred to the Executive Director, Regulatory Division, for Specified Penalty.

Similarly, the Forensic Audit Branch of the AGLC completes an audit report for each audit. An audit involves the comprehensive analysis of the operations and/or the financial records of a licensee to ensure compliance with the *Gaming and Liquor Act*, Regulation and Board Policies. When an infraction is identified, which would give rise to a penalty under the *Gaming and Liquor Act*, Regulation or Board Policy, an executive audit summary report is prepared and the matter is referred to the Board of the AGLC or is referred to the Executive Director, Regulatory Division, for a Specified Penalty.

Compliance is measured as a ratio of the number of incident reports and infractions referred to the Board or to the Executive Director of Regulatory to the total number of inspections and audits completed. In 2001 – 2002, over 2,900 inspections and audits were conducted and 116 incident reports and infractions were referred to the Board.

Gaming Activity	Number of inspections and audits conducted	Number of incident reports and infractions	Compliance Rate
Bingo	944	70	93%
Casino	1,637	38	98%
Pull-ticket	192	2	99%
Raffle	205	6	97%

Licences and registrations approved within established timeframes

The AGLC is committed to providing superior service to its stakeholders, partners, and to the public. For the purpose of this performance measure, service is measured by means of meeting response time targets to customers. Response times are calculated from the date of receipt of complete documentation to the final processing date of the application. Results equal the ratio of applications completed within established timeframes to the total number of applications processed during the period.

In 2001 – 2002, 8,611 charitable gaming licences and registrations were processed.

Type	Number Processed	Target Response Time	Percentage Completed within Timeframe
Bingo licences	1,418	12 weeks	99%
Casino licences	2,673	12 weeks	95%
Pull-Ticket licences	258	4 weeks	82%
Raffle licences	331	8 weeks	100%
Gaming worker registration	3,931	6 weeks	100%
Total	**8,611**		98%

Gaming industry client satisfaction with AGLC services

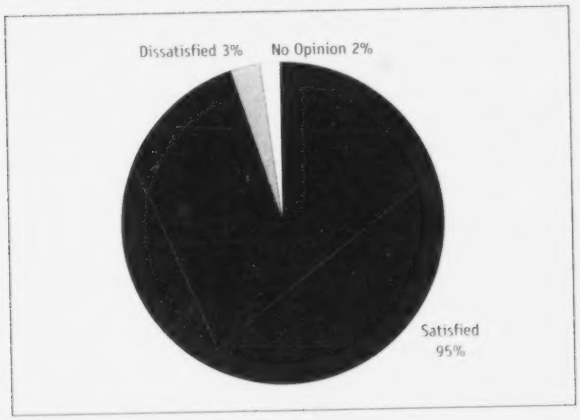
Research Innovations Inc. was commissioned to survey charitable gaming licensees to assess their level of satisfaction with the services provided by the AGLC. In January 2002, telephone interviews were conducted with a random and representative sample of all active organizations that had applied for a gaming licence since January 1, 2000. This included: 194 of the 390 Bingo Licensees; 344 of the 3,276 Casino Licensees; 169 of the 300 Raffle Licensees; and 72 of the 112 Pull Ticket Licensees providing a margin of error across all client groups that is no more than +/- 5.0%, 19 times out of 20.

A random and representative sample of all four client groups were asked to focus on the services provided to them by the AGLC over the past 12 months and to rate their satisfaction with three different aspects of service; courtesy of employees, response time, and knowledge of employees.

Clients were asked to base their level of satisfaction on six choices: very satisfied; satisfied; somewhat satisfied; somewhat dissatisfied; dissatisfied; or very dissatisfied. Satisfaction ratings represent the total per cent of respondents indicating they were very satisfied, satisfied or somewhat satisfied with the service.

To calculate overall satisfaction with all services received from the AGLC, the results were weighted so that the number of respondents in each group (Bingos, Casinos, Pull Tickets and Raffles) was proportionate to their representation in the entire client population. The four client groups' combined overall satisfaction with the services provided by the AGLC is 95%.

Charitable Gaming Industry Clients — Overall Satisfaction



Supplemental Information

A total of 94% of Bingo licensees indicated they were satisfied with the level of courtesy of employees, 91% were satisfied with the response time and 88% were satisfied with the knowledge of employees.

92% of Casino licensees were satisfied with the level of courtesy of employees, 91% were satisfied with the response time and 90% were satisfied with the knowledge of employees.

Raffle licensees, 95% were satisfied with the level of courtesy of employees, 88% were satisfied with the response time and 93% were satisfied with the knowledge of employees.

A total of 100% of Pull Ticket licensees were satisfied with the level of courtesy of employees and 93% were satisfied with both the response time and the knowledge of employees.

AGLC Core Business #3

Conduct and manage provincial gaming activities — video lottery terminals, slot machines and lottery ticket sales

The AGLC owns and operates two primary gaming networks in Alberta — the video lottery terminal (VLT) network and the casino slot network. The AGLC, in partnership with the Western Canada Lottery Corporation (WCLC), also operates ticket lotteries in the province.

Goal

Ensure the video lottery network, slots and ticket lottery network meet the levels of functionality, performance, game integrity, security and operational efficiencies in compliance with government policy and directions.

Ensure the efficiency and effectiveness of gaming operations.

Performance Measure	Target	Result
Retailer satisfaction with AGLC services related to VLTs, slot machines and ticket lotteries.	80%	2001/02 – 98% 2000/01 – 96%
On-line availability of central operating system for VLTs and slot machines.	99%	2001/02 – 99.99 %
Percentage of gaming integrity issues resolved within established timeframes.	80%	2001/02 – 82%

About the Results

Retailer satisfaction with AGLC services related to VLTs, slot machines and ticket lotteries

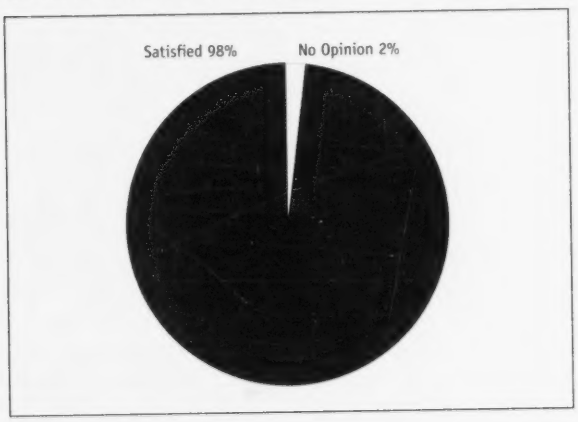
Key Results

For the purpose of this measure, service is defined as Hotline and field repair services related to VLTs and ticket lottery terminals, and field repair services for slot machines. A random and representative sample of telephone interviews with 295 of the 1,176 VLT operators, 326 of the 2,010 lottery ticket retailers, and a census survey of 15 of the 18 slot machine operators were conducted in January 2002. In total, 636 interviews were completed with respondents, for an overall margin of error of +/- 3.9%, 19 times out of 20.

Retailers were asked to rate their satisfaction with various aspects of the Hotline services and field repair services they have received from the AGLC over the past 12 months. Clients were asked to base their level of satisfaction on six choices: very satisfied; satisfied; somewhat satisfied; somewhat dissatisfied; dissatisfied; or very dissatisfied. Satisfaction ratings represent the total per cent of respondents indicating they were very satisfied, satisfied or somewhat satisfied with the service.

To calculate overall satisfaction with all services received from the AGLC, the data was weighted so that the number of clients in each group was proportionate to their representation in the entire client population. The three client groups' combined overall satisfaction with the services provided by the AGLC is 98%.

Overall Retailer Satisfaction



Supplemental Information

VLT Operators rated their satisfaction with Hotline services based on the level of courtesy (99% satisfied), instructions and information received (99% satisfied), knowledge of Hotline Operators (98% satisfied) and speed at which calls were answered (97% satisfied). Satisfaction was rated for the field repair services based on the level of courtesy (98% satisfied), quality of the technicians' repairs (94% satisfied) and response time (88% satisfied).

Lottery Ticket Retailers were asked to rate their satisfaction with various aspects of the Hotline services they have received from the Western Canada Lottery Corporation over the past 12 months.

Lottery Ticket Retailers rated their satisfaction with Hotline services based on the level of courtesy (99% satisfied), instructions and information received (98% satisfied), knowledge of Hotline Operators (98% satisfied) and the speed at which calls were answered (94% satisfied).

Lottery Ticket Retailers rated their satisfaction with the field repair services they have received from the AGLC based on the level of courtesy (95% satisfied), quality of the technicians' repairs (94% satisfied) and the response time (95% satisfied).

Casino Operators rated their satisfaction with field repair service based on the level of courtesy (100% satisfied) and the quality of the technicians' repairs (100% satisfied).

On-line availability of central operating system for VLTs and slot machines

The AGLC aims to ensure that gaming activities are conducted in a responsible manner while providing financial returns to benefit charitable, non-profit, public, and community-based initiatives throughout Alberta.

All electronic gaming activities are monitored and controlled through central computerized systems located at the AGLC. The VLT Central System and the Slot Central System are individual computer systems that automate the security and accounting for the video lottery terminals and slot machines throughout the province.

Availability of the Slot Central System and the VLT Central System are measured separately. Both systems must be available 7 days per week, 17 hours per day (10:00 a.m. – 3:00 a.m.). The measure is the combined availability of both Central Systems over the period.

In 2001 – 2002, there were no instances in which the VLT Central System at the AGLC was unavailable. However, there were two such instances with the Slot Central System. A problem occurred during the change to daylight saving time causing a 30 minute outage and a 15 minute outage occurred following a required software upgrade. As a result overall on-line availability for 2001 – 2002 was 99.99%.

Percentage of gaming integrity issues resolved within established timeframes

Maintaining the integrity of gaming in Alberta is essential. The AGLC works with stakeholders to ensure games are operated fairly and according to consistently applied rules and procedures.

For the purpose of this measure, gaming integrity issues are defined as any dispute concerning the operation of the gaming equipment, any credit dispute involving a player or a retailer, or any perceived illegal or unethical behaviour by a retailer or AGLC employee.

Most gaming integrity issues are resolved by AGLC inspectors. Those that cannot be resolved by inspectors are forwarded to the AGLC Response Team. The Response Team, which is comprised of representatives from most of the divisions of the AGLC, aims to address and resolve these issues within 30 days of receiving them. In 2001 – 2002, the Response Team resolved 101 issues and 82% were resolved within 30 days.

Financial Statements

March 31, 2002

Auditor's Report

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Gaming as at March 31, 2002 and the consolidated statements of operations and changes in financial position of the year then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform and audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Gaming as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn CA
Auditor General

Edmonton, Alberta
May 23, 2002

Ministry of Gaming
Consolidated Statement of Operations
March 31, 2002

(thousands of dollars)

	2002		2001
	Budget (Schedule 3)	Actual	Actual
Revenues (Note 9 and Schedule 1)			
Net income from Alberta Gaming and Liquor Commission			
Lottery revenue	$ 1,009,949	$ 1,105,079	$ 987,547
Liquor and other revenue	478,000	507,133	481,269
Investment income	6,000	9,530	13,965
Other revenue	-	5,198	-
	1,493,949	1,626,940	1,482,781
Expenses - Directly Incurred (Note 2c and Schedule 5)			
Voted (Schedule 2)			
Ministry support services	1,504	1,510	1,327
Gaming research	1,600	1,551	1,500
Lottery funded programs	125,631	113,849	108,004
Assistance to the Alberta Gaming and Liquor Commission	88,628	83,150	69,878
Lottery Fund payments to other Ministries	819,498	921,013	837,430
	1,036,861	1,121,073	1,018,139
Statutory			
Valuation adjustments			
Provision for vacation pay	-	51	122
Total expenses	1,036,861	1,121,124	1,018,261
Net operating results	$ 457,088	$ 505,816	$ 464,520

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Gaming
Consolidated Statement of Financial Position
March 31, 2002

(thousands of dollars)

	2002	2001
ASSETS		
Cash (Note 3)	$ 52,637	$ 79,058
Accounts receivable and accrued interest	304	250
Equity in Alberta Gaming and Liquor Commission (Note 4)	166,006	121,470
	$ 218,947	$ 200,778
LIABILITIES		
Accounts payable and accrued liabilities	$ 39,925	$ 51,655
NET ASSETS		
Net assets, beginning of the year	149,123	173,665
Net operating results	505,816	464,520
Net transfer to General Revenues	(475,917)	(489,062)
Net assets, end of year	179,022	149,123
	$ 218,947	$ 200,778

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Gaming
Consolidated Statement of Changes in Financial Position
March 31, 2002

(thousands of dollars)

	2002	2001
Operating transactions		
Net operating results	$ 505,816	$ 464,520
Non-cash items		
Valuation adjustments	51	122
(Undistributed) Distributed profit of Alberta Gaming and Liquor Commission	(44,536)	19,993
	461,331	484,635
Increase in accounts receivable	(54)	(247)
(Decrease) Increase in accounts payable and accrued liabilities	(11,781)	5,286
Cash provided by operating transactions	449,496	489,674
Financing transactions		
Net transfer to General Revenues	(475,917)	(489,062)
Net cash (used) provided	(26,421)	612
Cash, beginning of year	79,058	78,446
Cash, end of year	$ 52,637	$ 79,058

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Gaming
Notes to the Consolidated Financial Statements
March 31, 2002

Note 1 Authority and Purpose

The Minister of Gaming (Minister) has, by the Government Organization Act and its regulations, been designated responsible for various Acts. To fulfill these responsibilities, the Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also listed in Note 2(a). Together these organizations form the Ministry of Gaming (Ministry).

The purpose of the Ministry is to administer the Alberta Lottery Fund; to license, regulate and monitor liquor and gaming activities, as well as certain aspects of tobacco sales; to develop and communicate provincial gaming and liquor policy; and to administer certain lottery-funded programs.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These consolidated financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Ministry of Gaming. The Government Accountability Act defines a Ministry as including the Department and any Provincial agency and Crown-controlled organization for which the Minister is responsible. These consolidated financial statements include the accounts of the Department of Gaming, (Government Organization Act), the Lottery Fund, (Gaming and Liquor Act), and the Alberta Gaming and Liquor Commission, (Gaming and Liquor Act).

Ministry of Gaming
Notes to the Consolidated Financial Statements
March 31, 2002

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund, and all cash disbursements made by departments are paid from the Fund. Net transfer to General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Consolidation

The accounts of the Department and the Lottery Fund have been consolidated. Revenue and expense transactions, investing and financing transactions, and related asset and liability accounts between the consolidated organizations are eliminated upon consolidation.

The accounts of the Alberta Gaming and Liquor Commission, which is designated as a commercial enterprise, are reported on the modified equity basis, the equity being computed in accordance with Canadian generally accepted accounting principles.

(c) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting.

Ministry of Gaming
Notes to the Consolidated Financial Statements
March 31, 2002

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

Directly incurred expenses include:

- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 5.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

Net Assets

Net assets represents the difference between the value of assets held by the Ministry and its liabilities.

Ministry of Gaming
Notes to the Consolidated Financial Statements
March 31, 2002

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable and accrued interest, and accounts payable and accrued liabilities are estimated to approximate their book values.

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is being managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. Interest is earned on the Ministry's daily cash balance at the average rate of CCITF earnings, which vary depending on prevailing market interest rates. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

Note 4 Equity in Alberta Gaming and Liquor Commission (AGLC)

	2002	2001
	(thousands of dollars)	
Equity in AGLC, beginning of year	$ 121,470	$ 141,463
Total revenues	17,060,251	14,996,014
Total expenses	(15,448,039)	(13,527,198)
Net transfer and other adjustments	(1,567,676)	(1,488,809)
Equity in AGLC, end of year	$ 166,006	$ 121,470

Ministry of Gaming
Notes to the Consolidated Financial Statements
March 31, 2002

Note 5 Commitments

As at March 31, 2002, the Ministry has commitments for leased properties ranging from one to thirty years term. Most of these properties have been subleased to third parties. The Ministry remains liable for the leases should the sublessors default on their obligations to the Ministry. The aggregate amounts payable for the unexpired terms of these leases are as follows:

	(thousands of dollars)	
2002 - 2003	$	1,928
2003 - 2004		1,674
2004 - 2005		1,491
2005 - 2006		1,353
2006 - 2007		1,110
Thereafter		6,649
	$	14,205

Estimated future revenues to be derived from subleases amount to $8.5 million at March 31, 2002. Provision for loss has been made where the payments to be received on the subleases are less than the lease payments to be made.

Note 6 Contingencies

At March 31, 2002, the Ministry is a defendant in nine legal claims (2001 – twelve legal claims). Six of these claims have a specified amount totaling $130 million and the remaining three have not specified any amount (2001 – nine claims with a specified amount of $140 million and three with no specified amount). Included in this total are two claims amounting to $95 million in which the Ministry has been jointly named with other entities. The resulting loss, if any, from these claims cannot be determined.

Ministry of Gaming
Notes to the Consolidated Financial Statements
March 31, 2002

Note 7 Defined Benefit Plans

The Ministry participates in the multi-employer pension plans: the Management Employees Pension Plan and the Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,384,066 for the year ended March 31, 2002 (2001 $1,217,870). The Ministry's portion of the Western Canada Lottery Corporation (WCLC) pension expense is $232,470 for the year ended March 31, 2002 (2001 $180,209).

At December 31, 2001, the Management Employees Pension Plan reported a surplus of $5,338,000 (2000 $170,858,000 (restated)) and the Public Service Pension Plan reported a surplus of $320,487,000 (2000 $635,084,000). At December 31, 2001, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $399,000 (2000 – surplus $180,000). The Ministry's portion of the WCLC deficiency as at March 31, 2002 is $23,106 (2001 – surplus $207,000).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2002 the Bargaining Unit Plan reported an actuarial deficiency of $8,646,000 (2001 $12,710,000) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $2,656,000 (2001 $4,583,000). The expense for these two plans is limited to employer's annual contributions for the year.

Note 8 Budget

The budget amounts, shown on the Consolidated Statement of Operations, agree with the 2001-02 Government and Lottery Fund Estimates that were approved under the Appropriation Act on May 31, 2001.

Note 9 Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

Note 10 Approval of Financial Statements

These consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister of Gaming

Schedule 1

Ministry of Gaming
Revenues
March 31, 2002

(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Net income from Alberta Gaming and Liquor Commission			
Video lottery terminal revenue	$ 547,000	$ 617,006	$ 575,131
Casino gaming terminal revenue	308,949	322,392	251,667
Ticket lottery revenue	154,000	165,681	160,749
Liquor and related revenue	478,000	507,133	481,269
	1,487,949	1,612,212	1,468,816
Investment income			
Lottery Fund interest revenue	6,000	9,530	13,965
Other revenue			
Various	-	5,000	-
Refunds of expenses	-	198	-
	-	5,198	-
Total revenues	$ 1,493,949	$ 1,626,940	$ 1,482,781

ALBERTA
LOTTERY FUND

Schedule 2

Ministry of Gaming
Expenses Directly Incurred Detailed by Object
March 31, 2002

(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Voted expenses:			
Salaries, wages and employee benefits	$ 1,918	$ 1,737	$ 1,442
Supplies and services	2,589	2,155	2,218
Supplies and services from Support Service Arrangements with Related Parties [a]	-	482	482
Grants	1,032,299	1,116,626	1,013,934
Financial transactions and other	55	73	63
Total expenses	$ 1,036,861	$ 1,121,073	$ 1,018,139

[a] The Ministry receives financial and administrative services from the Ministry of Community Development.

Schedule 3

Ministry of Gaming
Budget
March 31, 2002

(thousands of dollars)

	2001-02 Estimates	Adjustment	2001-02 Budget	2001-02 Authorized Supplementary	2001-02 Authorized Budget
Revenues:					
Net Income from Alberta Gaming and Liquor Commission					
Video lottery terminal revenue	$ 547,000	$ -	$ 547,000	$ -	$ 547,000
Casino gaming terminal revenue	308,949	-	308,949	-	308,949
Ticket lottery revenue	154,000	-	154,000	-	154,000
Liquor and related revenue	478,000	-	478,000	-	478,000
Investment Income					
Lottery Fund interest revenue	6,000	-	6,000	-	6,000
Other Revenue					
Various	-	-	-	-	-
	1,493,949	-	1,493,949	-	1,493,949
Expenses:					
Voted expenses:					
Ministry support services	1,504	-	1,504	-	1,504
Gaming research	1,600	-	1,600	-	1,600
Lottery funded programs	125,631	-	125,631	-	125,631
Assistance to					
Alberta Gaming and Liquor Commission	88,628	-	88,628	-	88,628
Lottery Fund payments to other Ministries	819,498	-	819,498	-	819,498
	1,036,861	-	1,036,861	-	1,036,861
(Gain) Loss on disposal of capital assets	-	-	-	-	-
Net Operating Results	$ 457,088	$ -	$ 457,088	$ -	$ 457,088
Capital Investment	$ -	$ -	$ -	$ -	$ -

Schedule 4

Ministry of Gaming
Related Party Transactions
March 31, 2002

(thousands of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded in the financial statements at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2002	2001
Expenses - Directly incurred		
Grants	$ 921,013	$ 837,430
Other services	281	97
	$ 921,294	$ 837,527
Payable to Alberta Finance	$ 28,376	$ 48,063

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 5.

	Other Entities	
	2002	2001
Expenses - Incurred by Others		
Accommodation	$ 6	$ 8
Legal	161	174
	$ 167	$ 182

Schedule 5

Ministry of Gaming
Allocated Costs
March 31, 2002

(thousands of dollars)

Program	2002 Expenses [1]	Expenses - Incurred by Others: Accommodation	Expenses - Incurred by Others: Legal Services	Valuation Adjustments: Vacation Pay	2002 Total Expenses	2001 Total Expenses
Ministry support services	$ 1,510	$ -	$ 38	31	$ 1,579	1,449
Gaming research	1,551	-	-	-	1,551	1,500
Lottery funded programs	113,849	-	-	20	113,869	108,012
Assistance to the Alberta Gaming and Liquor Commission	83,150	6	123	-	83,279	70,052
Lottery Fund payments to other ministries	921,013	-	-	-	921,013	837,430
	$ 1,121,073	$ 6	$ 161	$ 51	$ 1,121,291	$ 1,018,443

[1] Expenses - Directly incurred as per Consolidated Statement of Operations before valuation adjustments.

Auditor's Report

AUDITOR GENERAL *Alberta*

To the Minister of Gaming

I have audited the statement of financial position of the Department of Gaming as at March 31, 2002 and the statements of operations and changes in financial position of the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform and audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department of Gaming as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn CA
Auditor General

Edmonton, Alberta
May 23, 2002

ALBERTA LOTTERY FUND

Department of Gaming
Statement of Operations
March 31, 2002

(thousands of dollars)

	2002		2001
	Budget (Note 4)	Actual	Actual
Revenues (Schedule 1)			
Internal government transfers	$ 674,451	$ 700,752	$ 645,302
Other revenue	-	5,175	49
	674,451	705,927	645,351
Expenses - Directly Incurred (Note 2b and Schedule 6)			
Voted expenses (Schedules 2 and 3)			
Ministry support services	1,504	1,510	1,327
Gaming research	1,600	1,551	1,500
Lottery funded programs	125,631	113,849	108,004
Assistance to the Alberta Gaming and Liquor Commission	88,628	83,150	69,878
	217,363	200,060	180,709
Valuation adjustments			
Provision for vacation pay	-	51	122
Total expenses	217,363	200,111	180,831
Net operating results	$ 457,088	$ 505,816	$ 464,520

The accompanying notes and schedules are part of these financial statements.

Department of Gaming
Statement of Financial Position
March 31, 2002

(thousands of dollars)

	2002	2001
ASSETS		
Cash	$ -	$ 4,200
Accounts receivable (Note 3)	137,813	95,712
	$ 137,813	$ 99,912
LIABILITIES		
Accounts payable and accrued liabilities	$ 11,566	$ 3,564
	11,566	3,564
NET ASSETS		
Net assets, beginning of year	96,348	120,890
Net operating results	505,816	464,520
Net transfer to General Revenues	(475,917)	(489,062)
Net assets, end of year	126,247	96,348
	$ 137,813	$ 99,912

The accompanying notes and schedules are part of these financial statements.

Department of Gaming
Statement of Changes in Financial Position
March 31, 2002

(thousands of dollars)

	2002	2001
Operating transactions		
Net operating results	$ 505,816	$ 464,520
Non-cash items:		
Valuation adjustments	51	122
	505,867	464,642
(Increase) Decrease in accounts receivable	(42,101)	27,101
Increase in accounts payable and accrued liabilities	7,951	1,519
Cash provided by operating transactions	471,717	493,262
Financing transactions:		
Net transfer to General Revenues	(475,917)	(489,062)
Net cash (used) provided	(4,200)	4,200
Cash, beginning of year	4,200	-
Cash, end of year	$ -	$ 4,200

The accompanying notes and schedules are part of these financial statements.

Department of Gaming
Notes to the Financial Statements
March 31, 2002

Note 1 Authority and Purpose

The Department of Gaming (Department) operates under the authority of the Government Organization Act, Chapter G-10, Revised Statutes of Alberta 2000.

The purpose of the Department is to develop and communicate provincial gaming and liquor policy and to administer certain lottery-funded programs.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Department of Gaming, which is part of the Ministry of Gaming (Ministry) and for which the Minister of Gaming (Minister) is accountable. Other entities reporting to the Minister are the Alberta Gaming and Liquor Commission and The Lottery Fund. The activities of these organizations are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer to/from General Revenues is the difference between all cash receipts and all cash disbursements made.

Department of Gaming
Notes to the Financial Statements
March 31, 2002

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the government's budget documents.

Directly incurred expenses include:

- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Department operations are disclosed in Schedule 6.

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Department of Gaming
Notes to the Financial Statements
March 31, 2002

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Liabilities

Liabilities represent all financial claims payable by the Department at fiscal year end.

Net Assets

Net assets represents the difference between the value of assets held by the Department and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their book values.

Note 3 Accounts Receivable

	2002			2001
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
	(thousands of dollars)			
Alberta Gaming and Liquor Commission	$ 137,509	$ -	$ 137,509	$ 95,462
Trade	304	-	304	250
	$ 137,813	$ -	$ 137,813	$ 95,712

Accounts receivable are unsecured, non-interest bearing and have no specific terms of repayment.

Department of Gaming
Notes to the Financial Statements
March 31, 2002

Note 4 Budget

The budget amounts, shown on the Statement of Operations, agree with the 2001-2002 Government and Lottery Fund Estimates that were approved under the Appropriation Act on May 31, 2001.

Note 5 Defined Benefit Plans

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $112,596 for the year ended March 31, 2002 ($104,787).

At December 31, 2001 the Management Employees Pension Plan reported a surplus of $5,338,000 ($170,858,000 (restated)) and the Public Service Pension Plan reported a surplus of $320,487,000 ($635,084,000). At December 31, 2001, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $399,000 ($180,000).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2002 the Bargaining Unit Plan reported an actuarial deficiency of $8,646,000 ($12,710,000) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $2,656,000 ($4,583,000). The expense for these two plans is limited to employer's annual contributions for the year.

Note 6 Contingencies

As at March 31, 2002, the Department is a defendant in four legal claims (2001 – four legal claims). Three of these claims have specified amounts totalling $125 million and the remaining claim has no specified amount (2001 – three claims with specific amounts totaling $125 million and one claim with no specified amount). The resulting loss, if any, from these claims cannot be determined.

Note 7 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

Department of Gaming
Revenues
March 31, 2002

(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Internal government transfers			
Transfer from the Alberta Gaming and Liquor Commission	$ 478,000	$ 507,133	$ 481,269
Transfer from the Lottery Fund	196,451	193,619	164,033
	674,451	700,752	645,302
Other revenue			
Other	-	5,000	-
Refunds of expenses	-	175	49
	-	5,175	49
Total revenues	$ 674,451	$ 705,927	$ 645,351

Schedule 2

Department of Gaming
Voted Expenses by Object
March 31, 2002

(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Voted expenses			
Salaries, wages and employee benefits	$ 1,918	$ 1,737	$ 1,442
Supplies and services	2,589	2,155	2,217
Supplies and services from Support Service Arrangements with Related Parties [a]	-	482	482
Grants	212,801	195,613	176,505
Financial transactions and other	55	73	63
Total voted expenses	$ 217,363	$ 200,060	$ 180,709

[a] The Department receives financial and administrative services from the Department of Community Development.

Schedule 3

Department of Gaming
Comparison of Voted Expenses by Element to Authorized Budget
March 31,2002

(thousands of dollars)

		Budget	Authorized Supplementary	Authorized Budget	Actual Expense[a]	Unexpended (Over Expended)
Expenses						
Voted Expenses						
1	Ministry support services					
1.0.1	Minister's office	$ 293	$	$ 293	$ 289	$ 4
1.0.2	Deputy Minister's office	284		284	235	49
1.0.3	Business Management and Policy	735		735	790	(55)
1.0.4	Communications	192		192	196	(4)
		1,504		1,504	1,510	(6)
2	Gaming Research					
2.0.1	Gaming Research Institute					
	- operating expense funded by lotteries	1,500		1,500	1,500	
2.0.2	Gaming Research Council					
	- operating expense funded by lotteries	100		100	51	49
		1,600		1,600	1,551	49
3	Lottery Programs					
3.0.1	Lottery Program Administration	1,469		1,469	1,382	87
3.0.2	Community Lottery Board Grants					
	- operating expense funded by lotteries	53,300		53,300	50,800	2,500
3.0.3	Community Facility Enhancement Program					
	- operating expense funded by lotteries	25,000		25,000	22,168	2,832
3.0.4	Major Exhibitions and Fairs					
	- operating expense funded by lotteries	2,660		2,660	2,660	
3.0.5	Calgary Exhibition and Stampede					
	- operating expense funded by lotteries	7,100		7,100	7,100	
3.0.6	Edmonton Northlands					
	- operating expense funded by lotteries	7,100		7,100	7,100	
3.0.7	Racing Industry Renewal					
	- operating expense funded by lotteries	17,900		17,900	15,785	2,115
3.0.8	Other Initiatives					
	- operating expense funded by lotteries	11,302		11,302	6,854	4,248
		125,631		125,631	113,849	11,782
4	Assistance to the Alberta Gaming and Liquor Commission					
4.0.1	Assistance to the Alberta Gaming and Liquor Commission					
	Liquor operations	17,939		17,939	17,939	
	Lottery operations					
	- operating expense funded by lotteries	70,689		70,689	65,211	5,478
		88,628		88,628	83,150	5,478
	Total voted expenses	$ 217,363	$	$ 217,363	$ 200,060	$ 17,303
	Program Operating expense	20,912		20,912	20,831	81
	Program Operating expense funded by lotteries	196,451		196,451	179,229	17,222
		217,363		217,363	200,060	17,303
	Program capital investment					
	Program capital investment funded by lotteries					
	Total voted expenses	$ 217,363	$	$ 217,363	$ 200,060	$ 17,303
Statutory Expenses						
	Valuation adjustments	$	$	$	$ 51	$ (51)

(a) Includes achievement bonus amounting to $50

Schedule 4

Department of Gaming
Salary and Benefits
March 31, 2002

	2002			2001
	Salary [1]	Benefits and Allowances [2]	Total	Total
Senior Official:				
Deputy Minister [3]	$ 162,541	$ 23,335	$ 185,876	$ 200,962
Executives:				
Assistant Deputy Minister [4]	77,219	17,899	95,118	-
Director - Business Management and Policy	87,341	14,853	102,194	97,733
Director - Lottery Funding Programs	76,655	13,958	90,613	89,851
Manager - Business Planning [4]	48,523	7,697	56,220	-

Prepared in accordance with Treasury Board Directive 12/98.

Total salary and benefits relating to a position are disclosed.

(1) Salary includes regular base pay, bonuses, overtime and lump sum payments.

(2) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.

(3) The incumbent's services are shared with the Alberta Gaming and Liquor Commission which contributes its own share of cost of salary and benefits. Full salary and benefits are disclosed on this schedule and the Alberta Gaming and Liquor Commission reflects their contribution to the cost. Automobile provided, no dollar amount included in benefits and allowances figures.

(4) Position created on August 1, 2001.

Schedule 5

Department of Gaming
Related Party Transactions
March 31, 2002

(thousands of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Department had the following transactions with related parties recorded in the financial statements at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Revenues				
Internal government transfers	$ 700,752	$ 645,302	$ -	$ -
Expenses - Directly incurred				
Grants	$ 83,150	$ 69,878	$ -	$ -
Other services	-	-	155	97
	$ 83,150	$ 69,878	$ 155	$ 97
Receivable from	$ 137,509	$ 95,462	$ -	$ -

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 6.

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Expenses - Incurred by Others				
Accommodation	$ 111	$ 97	$ -	$ 8
Other services	-	-	38	108
	$ 111	$ 97	$ 38	$ 116

Schedule 6

Department of Gaming
Allocated Costs
March 31, 2002

(thousands of dollars)

	2002					2001
		Expenses - Incurred by Others		Valuation Adjustments		
Program	Expenses [1]	Accommodation	Legal Services	Vacation Pay	Total Expenses	Total Expenses
Ministry support services	$ 1,510	$ 46	$ 38	$ 31	$ 1,625	$ 1,449
Gaming research	1,551	-	-	-	1,551	1,500
Lottery funded programs	113,849	65	-	20	113,934	108,112
Assistance to the Alberta Gaming and Liquor Commission	83,150	-	-	-	83,150	69,886
	$ 200,060	$ 111	$ 38	$ 51	$ 200,260	$ 180,947

[1] Expenses - Directly incurred as per Statement of Operations before valuation adjustments.

Auditor's Report

AUDITOR GENERAL *Alberta*

To the Members of the Alberta Gaming and Liquor Commission

I have audited the balance sheet of the Alberta Gaming and Liquor Commission as at March 31, 2002 and the statements of operations and cash flow for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform and audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn CA
Auditor General

Edmonton, Alberta
May 23, 2002

ALBERTA LOTTERY FUND

Alberta Gaming and Liquor Commission
Balance Sheet
March 31, 2002

(thousands of dollars)

	March 31, 2002	March 31, 2001
ASSETS		
Current Assets		
Cash (Note 3)	$ 143,873	$ 74,570
Accounts receivable	28,974	25,084
Prepaid expenses and inventories (Note 4)	6,225	5,618
	179,072	105,272
Capital Assets (Note 5)	69,647	79,032
	$ 248,719	$ 184,304
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 77,422	$ 56,935
Due to the Alberta Lottery Fund (Note 7)	28,497	26,008
	105,919	82,943
Due to General Revenues (Note 8)	137,509	95,462
Provision for Loss on Leased Properties	5,291	5,899
	$ 248,719	$ 184,304

The accompanying notes are part of these financial statements.

APPROVED BY MANAGEMENT:

Norman C. Peterson, CA
Chairman and Chief Executive Officer

H. Ronald Crosby, CA
Executive Director, Finance and Administration

Alberta Gaming and Liquor Commission
Statement of Operations
March 31, 2002

(thousands of dollars)

	Budget 2002 (Note 9)	Actual 2002	Actual 2001
REVENUE			
Video lottery terminals	$	$ 9,031,379	$ 8,405,672
Casino gaming and electronic racing terminals		6,144,390	4,842,020
Liquor		1,379,629	1,271,658
Ticket lottery		407,124	393,905
		16,962,522	14,913,255
PRIZES AND COST OF PRODUCT			
Video lottery terminals		8,294,676	7,717,566
Casino gaming and electronic racing terminals		5,676,480	4,467,319
Liquor		887,075	803,270
Ticket lottery		204,763	197,554
		15,062,994	13,185,709
Gross Profit	1,474,949	1,899,528	1,727,546
Commission and Federal Payments (Note 10)	-	(301,895)	(271,611)
Other Income (Note 11)	13,000	14,579	12,881
Operating Grants	88,628	83,150	69,878
Operating Expenses (Note 12)	(88,628)	(83,150)	(69,878)
Net Operating Results	$ 1,487,949	$ 1,612,212	$ 1,468,816

Alberta Gaming and Liquor Commission
Statement of Cash Flow
March 31, 2002

(thousands of dollars)

	Actual 2002	Actual 2001
CASH FROM OPERATIONS		
Net income for the year	$ 1,612,212	$ 1,468,816
Decrease in provision for loss on leased properties	(608)	(325)
Amortization	20,733	15,581
Loss on disposal of capital assets	32	149
Increase in amount due to General Revenues	2,914	1,330
Net change in non-cash working capital balances	15,990	(10,988)
	1,651,273	1,474,563
REMITTANCES TO THE ALBERTA LOTTERY FUND	(1,102,590)	(982,539)
REMITTANCES TO GENERAL REVENUES	(468,000)	(507,600)
	80,683	(15,576)
CASH USED FOR INVESTMENT		
Purchase of capital assets	(11,385)	(27,379)
Proceeds on disposal of capital assets	5	601
	(11,380)	(26,778)
INCREASE (DECREASE) IN CASH	69,303	(42,354)
CASH, beginning of year	74,570	116,924
CASH, end of year	$ 143,873	$ 74,570

ALBERTA
LOTTERY FUND

Alberta Gaming and Liquor Commission
Notes to the Financial Statements
March 31, 2002

(tabular amounts in thousands)

NOTE 1 AUTHORITY AND PURPOSE

The Alberta Gaming and Liquor Commission (the Commission) operates under the authority of the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000.

The Commission conducts and manages provincial lotteries, carries out functions respecting gaming under the *Criminal Code of Canada*, and controls, in accordance with legislation, the manufacture, importation, sale and purchase of liquor for the Government of Alberta.

The net proceeds arising from the conduct of authorized ticket lottery, video lottery and casino gaming terminal operations in Alberta are remittable to the Alberta Lottery Fund. The net proceeds of liquor operations and other income are remittable to General Revenues.

The Commission is a Crown agent of the Government of Alberta and as such has a tax-exempt status.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

Joint Venture

Alberta's share of the operations of the Western Canada Lottery Corporation is accounted for as a joint venture using the proportionate consolidation method.

Inventories

Supplies inventories are valued at weighted average cost which is not in excess of net replacement value.

Inventory held on behalf of liquor suppliers or agents, and related duties and taxes, are not recorded in the financial statements.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is calculated on the straight-line method at annual rates which will reduce the original cost to estimated residual value over the useful lives of the assets, as follows:

Buildings and leasehold improvements	2.5% or 10% (or lease term)
Gaming systems and equipment	10% or 33 1/3%
Video lottery and casino gaming terminals	14.3%
Furniture and equipment	10% or 20%
Retailer fixtures and signage	20%
Computer software	33 1/3%
Vehicles	20% or 33 1/3%

Alberta Gaming and Liquor Commission
Notes to the Financial Statements
March 31, 2002

(tabular amounts in thousands)

NOTE 2 (Con't) Write-downs of capital assets to estimated net recoverable amount or to net realizable value are included in accumulated amortization.

Pensions

The Commission participates in multi-employer pension plans with related government entities. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service related to prior years.

Revenue Recognition

Revenues are recognized on an accrual basis. On-line ticket lottery revenues are recognized at the date of the draw with instant ticket revenues being recognized at the date of sale to retail.

Measurement Uncertainty

Estimates are used when accounting for items and matters such as amortization allowance for uncollectable accounts receivable, inventory valuation and commitments. Actual results could differ from those estimates.

NOTE 3 CASH

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The Fund is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term securities. The Fund earns interest on its daily cash balance at the average rate of interest earned by the CCITF, which varies depending on prevailing market interest rates. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 4 PREPAID EXPENSES AND INVENTORIES

	March 31, 2002	March 31, 2001
Gaming parts	$ 3,806	$ 3,559
Prepaid expenses	1,938	1,412
Supplies	481	647
	$ 6,225	$ 5,618

Alberta Gaming and Liquor Commission
Notes to the Financial Statements
March 31, 2002

(tabular amounts in thousands)

NOTE 5 CAPITAL ASSETS

	March 31, 2002			March 31, 2001
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Land	$ 4,113	$ -	$ 4,113	$ 4,113
Buildings and leasehold improvements	50,376	38,267	12,109	12,479
Gaming systems and equipment	49,119	37,050	12,069	12,529
Casino gaming terminals	67,821	32,287	35,534	41,795
Video lottery terminals	46,212	43,212	3,000	5,911
Furniture and equipment	26,410	25,262	1,148	845
Retailer fixtures and signage	7,404	6,701	703	714
Computer software	5,114	4,749	365	114
Vehicles	1,826	1,220	606	514
Other	-	-	-	18
	$ 258,395	$ 188,748	$69,647	$79,032

Included in amortization expense is $3.4 million related to write-down of casino gaming terminals.

NOTE 6 PENSIONS

The Commission participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Commission also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,039,000 for the year ended March 31, 2002 (2001 - $932,874). The Commission's portion of the Western Canada Lottery Corporation pension expense is $232,470 for the year ended March 31, 2002 (2001 - $180,209).

At December 31, 2001, the Management Employees Pension Plan reported a surplus of $5,338,000 (2000 - $170,858,000 (restated)) and the Public Service Pension Plan reported a surplus of $320,487,000 (2000 - $635,084,000). At December 31, 2001, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $399,000 (2000 - surplus of $180,000). The Commission's portion of the Western Canada Lottery Corporation deficiency as at March 31, 2002 is $23,106 (2001 - surplus of $207,000).

The Commission also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2002, the Bargaining Unit Plan reported an actuarial deficiency of $8,646,000 (2001 - $12,710,000) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $1,434,000 (2001 - $4,583,000). The expense for these two plans is limited to employer's annual contributions for the year.

Alberta Gaming and Liquor Commission
Notes to the Financial Statements
March 31, 2002

(tabular amounts in thousands)

NOTE 7 DUE TO THE ALBERTA LOTTERY FUND

This amount represents the portion of the revenues from lottery operations which has not been remitted to the Alberta Lottery Fund.

	Actual 2002	Actual 2001
Due to the Alberta Lottery Fund, beginning of year	$ 26,008	$ 21,000
Remittable to the Alberta Lottery Fund	1,105,079	987,547
Remittances to the Alberta Lottery Fund	(1,102,590)	(982,539)
Due to the Alberta Lottery Fund, end of year	$ 28,497	$ 26,008

NOTE 8 DUE TO GENERAL REVENUES

Due to General Revenues reflects the outstanding balance due to General Revenues from liquor operations and other income, as follows:

	2002	2001
Due to General Revenues, beginning of year	$ 95,462	$ 120,463
Operating grant returned to General Revenues	(2,564)	(1,234)
	92,898	119,229
Net income for the year	1,612,212	1,468,816
Remittable to the Alberta Lottery Fund	(1,105,079)	(987,547)
Remittances to General Revenues	(468,000)	(507,600)
	39,133	(26,331)
Due to General Revenues from operating grant funds, end of year	5,478	2,564
Due to General Revenues, end of year	$ 137,509	$ 95,462

Amounts due to General Revenues are unsecured, non-interest bearing and have no specific terms of repayment.

NOTE 9 BUDGET

The Commission, in its annual business plan, includes its annual budget on a summarized basis. The summarized budget receives approval by the Minister of Gaming and becomes part of the estimates of the Government. The Government Estimates are approved by the Legislature.

Alberta Gaming and Liquor Commission
Notes to the Financial Statements
March 31, 2002

(tabular amounts in thousands)

NOTE 10 COMMISSIONS AND FEDERAL PAYMENTS

	Actual 2002	Actual 2001
Commissions		
Video lottery terminals	$ 110,482	$ 103,184
Casino gaming and electronic racing terminals:		
- Operators	73,430	65,245
- Charities	67,169	53,740
Ticket lottery	27,838	26,856
	278,919	249,025
Federal Tax Expenses (a)		
Video lottery terminals	9,215	9,791
Casino gaming and electronic racing terminals	4,919	4,049
Ticket lottery	3,126	3,262
	17,260	17,102
Payment to Federal Government (b)	5,716	5,484
	$ 301,895	$ 271,611

(a) Taxes are paid to the Government of Canada in lieu of the Goods and Services Tax (GST) on ticket lottery, video lottery and casino gaming terminal sales based on a prescribed formula. This tax is in addition to the GST paid on the purchase of goods and services for which credit is denied under the formula.

(b) This payment represents the Province of Alberta's share of payments to the Government of Canada as a result of an agreement between the provincial governments and the federal government on the withdrawal of the federal government from the lottery field. The payment is made by the Western Canada Lottery Corporation on behalf of Alberta, and is based on current population statistics and its share of ticket lottery sales.

NOTE 11 OTHER INCOME

	Actual 2002	Actual 2001
Licences and permits	$ 5,861	$ 5,945
Interest revenue	3,778	3,181
Miscellaneous	2,782	786
Liquor levies	913	1,211
Premises rental revenue	623	618
Retailer service fees	533	523
Fines and violations	121	766
Gain (loss) on disposal of capital assets	(32)	(149)
	$ 14,579	$ 12,881

Alberta Gaming and Liquor Commission
Notes to the Financial Statements
March 31, 2002

(tabular amounts in thousands)

NOTE 12 OPERATING EXPENSES

	Actual 2002	Actual 2001
Salaries and benefits	$ 24,596	$ 21,894
Amortization*	18,228	15,581
Data communications	7,085	6,580
Equipment and vehicles	6,879	5,409
Media and media production	6,604	5,584
Ticket printing	6,334	5,333
Fees and services	3,098	1,769
Leased Gaming Terminals	2,104	765
Property	1,976	2,280
Travel and training	1,322	1,152
Freight and product delivery	1,228	901
Insurance and bank charges	1,041	811
Stationery and supplies	984	1,011
Data processing	483	333
Presentations and publications	479	55
Miscellaneous	373	253
Retailer relations	262	103
Product expense	85	81
Overhead and other	(11)	(17)
	$ 83,150	$ 69,878

* Amortization includes a reversal of a provision for loss on equipment of $2,505,000.

Alberta Gaming and Liquor Commission
Notes to the Financial Statements
March 31, 2002

(tabular amounts in thousands)

NOTE 13 COMMITMENTS

The Commission has a number of lease obligations, including former retail liquor stores that operate under lease arrangements with terms ranging from one to thirty years. Most of these properties have been subleased to third parties. The Commission remains liable for the leases should the sublessor default on their obligations to the Commission. The Commission's future minimum lease payments, including its proportionate share of the Western Canada Lottery Corporation commitments, is summarized as follows:

Fiscal 2002-03	$ 1,928
2003-04	1,674
2004-05	1,491
2005-06	1,353
2006-07	1,110
Balance to expiry	6,649
	$ 14,205

Estimated future revenues to be derived from subleases amount to $8.5 million at March 31, 2002. Provision for loss has been made where the payments to be received on the sub-leases are less than the lease payments to be made.

NOTE 14 CONTINGENCIES

At March 31, 2002 the AGLC is a defendant in nine legal claims (2001 – twelve legal claims). Six of these claims have specified amounts, and the remaining four have not specified any amount (2001 – nine claims with specified and three with no specified amount). Included in the total claims are two claims in which the AGLC has been jointly named with other entities.

In conjunction with the joint venture operating with the Western Canada Lottery Corporation, it is also noted that the Western Canada Lottery Corporation is a defendant in four legal claims, all with specified amounts (2001 - one claim with a specified amount).

The resulting loss, if any from these claims cannot be determined.

Alberta Gaming and Liquor Commission
Notes to the Financial Statements
March 31, 2002

(tabular amounts in thousands)

NOTE 15 SALARIES AND BENEFITS

	2002			2001
	Salary (a)	Benefits (b)	Total	Total
Senior Officers				
Chairman and CEO (c)	$ 82	$ 12	$ 94	$ 80
Board Members	80	-	80	56
Executives				
Executive Director, Regulatory	108	23	131	123
Executive Director, Gaming Products and Services	110	24	134	122
Executive Director, Information Systems	94	17	111	113
Executive Director, Finance and Administration	91	16	107	104

a) Salary includes regular base pay, bonuses and lump sum payments.

b) Benefits include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability, professional memberships, tuition and automobile benefits.

c) The Deputy Minister for Gaming also serves as the Chairman and CEO of the Alberta Gaming and Liquor Commission. A portion of the Deputy Minister's salary is allocated to the Alberta Gaming and Liquor Commission, representing the proportionate amount of time the Deputy Minister spends on Commission business.

Alberta Gaming and Liquor Commission
Notes to the Financial Statements
March 31, 2002

(tabular amounts in thousands)

NOTE 16 JOINT VENTURE - TICKET LOTTERY OPERATIONS

The joint venture conducted by Western Canada Lottery Corporation is accounted for using the proportionate consolidation method. The Commission has included in its accounts the following aggregate amounts:

	As at March 31,	
	2002	2001
Balance Sheet		
Current assets	$ 27,965	$ 31,899
Capital assets	7,453	7,767
	$ 35,418	$ 39,666
Current liabilities	$ 18,248	$ 18,041
Investment in joint venture	17,170	21,625
	$ 35,418	$ 39,666

	Year ended March 31,	
	2002	2001
Statement of Operations		
Gross profit	$ 165,681	$ 160,749
Operating expenses	(21,017)	(19,170)
Net income	$ 144,664	$ 141,579
Statement of Cash Flow		
Cash from operations	$ 145,384	$ 142,019
Cash used for investment	$ 620	$ 3,679

Alberta Gaming and Liquor Commission
Notes to the Financial Statements
March 31, 2002

(tabular amounts in thousands)

NOTE 17 RELATED PARTY TRANSACTIONS

The Commission has the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. The amounts are not included in the financial statements.

	2002 Expenses - Incurred by Others (a)			2001
	Accommodation Costs (b)	Legal Services (c)	Total Expenses	Total Expenses
Division				
Regulatory	$ -	$ 68.3	$ 68.3	$ 24.1
Commission Office	-	39.7	39.7	7.4
Finance and Administration	6.0	10.1	16.1	34.1
Gaming Products and Services	-	2.8	2.8	8.0
Information Systems	-	2.5	2.5	0.3
	$ 6.0	$ 123.4	$ 129.4	$ 73.9

(a) Costs incurred by Alberta Justice and Alberta Infrastructure on behalf of the Alberta Gaming and Liquor Commission.

(b) Net costs for Accommodation (includes grants in lieu of taxes) in Calgary, Fort McMurray, Grande Prairie and St. Albert.

(c) Costs for Legal Services allocated on hours of service provided.

The Commission also had the following transactions with related parties recorded on the Statement of Net Income at the amount of consideration agreed upon between the related parties:

Alberta Corporate Service Centre	$ 118
Alberta Infrastructure	8
	$ 126

Auditor's Report

AUDITOR GENERAL *Alberta*

To the Members of the Alberta Gaming and Liquor Commission

I have audited the balance sheet of the Lottery Fund as at March 31, 2002 and the statement of revenue, expenditure and fund equity for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Lottery Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn CA
Auditor General

Edmonton, Alberta
May 23, 2002

Alberta Lottery Fund
Balance Sheet
March 31, 2002

(thousands of dollars)

	March 31, 2002	March 31, 2001
ASSETS		
Cash (Note 3)	$ 52,637	$ 74,858
Due from Alberta Gaming and Liquor Commission	28,497	26,008
	$ 81,134	$ 100,866
LIABILITIES AND FUND EQUITY		
Accounts payable (Note 4)	$ 28,359	$ 48,091
Fund equity	52,775	52,775
	$ 81,134	$ 100,866

The accompanying notes are part of these financial statements.

APPROVED BY MANAGEMENT:

Norman C. Peterson, CA
Chairman and Chief Executive Officer
Alberta Gaming and Liquor Commission

H. Ronald Crosby, CA
Executive Director, Finance and Administration
Alberta Gaming and Liquor Commission

Alberta Lottery Fund
Statement of Revenue, Expenditure and Fund Equity
March 31, 2002

(thousands of dollars)

	2002 Budget (Note 15)	2002 Actual	2001 Actual
Revenue			
Proceeds from lottery operations (Note 5)	$1,009,949	$ 1,105,079	$ 987,547
Interest	6,000	9,530	13,891
Grant recoveries	-	23	25
	1,015,949	1,114,632	1,001,463
Expenditure			
Grants			
Learning (Note 6)	262,200	262,200	219,300
Health (Note 7)	205,265	205,265	248,728
Community and Municipal Development (Note 8)	137,144	129,314	84,164
Innovation and Science (Note 9)	82,250	82,250	32,250
Alberta Gaming and Liquor Commission - Lottery Operations (Note 10)	70,689	70,689	55,848
Transportation and Utilities Infrastructure (Note 11)	70,000	70,000	20,000
Agriculture and Economic Initiatives (Note 12)	54,968	54,968	40,862
Community Lottery Boards (Note 13)	53,300	53,300	53,300
Community Facility Enhancement Program (Note 14)	25,000	22,168	25,000
Other Initiatives	11,102	11,102	7,725
Debt Repayment	44,031	153,376	214,286
	1,015,949	1,114,632	1,001,463
Excess of revenue over expenditure for the year	-	-	-
Fund equity at beginning of year	52,775	52,775	52,775
Transfers to General Revenues	-	-	-
Fund equity at end of year	$ 52,775	$ 52,775	$ 52,775

Alberta Lottery Fund
Notes to the Financial Statements
March 31, 2002

(tabular amounts in thousands)

NOTE 1 AUTHORITY AND PURPOSE

The Lottery Fund is administered by the Alberta Gaming and Liquor Commission (Commission) under the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000. The Lottery Fund receives the proceeds from lottery operations (see Note 4) and makes payments therefrom in the public interest in order to support quality of life, wellness and community involvement.

The Appropriation Act, 2001 authorized grant payments from the Lottery Fund as approved in the 2001-2002 Estimates, and provided for flexibility in the amount applied from the Lottery Fund towards debt repayment/contingency reserve so that the net revenue of the Lottery Fund would be zero at the year ended March 31, 2002.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Grants

Grants are recorded as expenditure when authorized and when all eligibility conditions for the grant have been satisfied.

Cash Flow

A statement of cash flow is not provided as disclosure in these financial statements is considered to be adequate.

NOTE 3 CASH

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The Fund is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term securities. The Fund earns interest on its daily cash balance at the average rate of interest earned by the CCITF, which varies depending on prevailing market interest rates. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 4 ACCOUNTS PAYABLE

Accounts payable consists primarily of outstanding payments to Finance for debt repayment.

Alberta Lottery Fund
Notes to the Financial Statements
March 31, 2002

(tabular amounts in thousands)

NOTE 5 PROCEEDS FROM LOTTERY OPERATIONS

Proceeds of provincial lotteries received by the Commission are recorded as revenue of the Fund.

	2002	2001
Proceeds from ticket lottery operations	$ 165,681	$ 160,749
Proceeds from video lottery operations	617,006	575,131
Proceeds from casino gaming terminal operations	322,392	251,667
	$ 1,105,079	$ 987,547

NOTE 6 LEARNING

Grants made to support education in Alberta comprise:

	2002	2001
School construction and renewal	$ 150,000	$ 100,000
Post Secondary Facilities	60,000	-
Transportation Subsidies	40,000	20,000
Learning television	8,100	7,600
Achievement Scholarships	3,100	-
High Speed Networking	1,000	-
School technology upgrading	-	60,000
Infrastructure support	-	30,000
Athletic scholarships	-	1,700
	$ 262,200	$ 219,300

Alberta Lottery Fund
Notes to the Financial Statements
March 31, 2002

(tabular amounts in thousands)

NOTE 7 HEALTH

The following grants were made in support of health and wellness initiatives, to finance the purchase of highly specialized, state-of-the-art hospital equipment and to support services for problem gamblers:

	2002	2001
Construction and upgrading of health facilities	$ 120,000	$ 120,000
Alberta Alcohol and Drug Abuse Commission	45,699	33,320
Alberta Wellnet	13,506	15,000
Practitioner Services - Alternate Compensation Strategies	12,350	10,350
Health Innovation Fund	5,000	10,000
Aboriginal Health	3,000	3,000
Federal Nursing Stations	2,660	2,550
Alberta Wellness	1,850	4,744
Fetal alcohol initiative	1,000	1,000
Permanency Planning for Children in Care	200	200
Health Authorities Supplemental Capital Equipment Funding	-	38,207
Advanced medical equipment	-	10,000
Services to Persons with Developmental Disabilities Foundation	-	357
	$ 205,265	$ 248,728

NOTE 8 COMMUNITY AND MUNICIPAL DEVELOPMENT

Grants made to support culture and multiculturalism, sports and recreation and municipal initiatives in Alberta comprise:

	2002	2001
Centennial Initiatives	$ 40,600	$ -
Foundation for the Arts	21,104	21,104
Alberta Sport, Recreation, Parks and Wildlife Foundation	15,035	14,885
Municipal Sponsorship	12,000	12,000
2001 World Championships in Athletics	10,000	10,000
Upgrading seniors' lodges	10,000	10,000
Wild Rose Foundation	6,600	6,600
Historical Resources Foundation	5,913	5,913
Centennial Projects	5,000	-
Gaming Research Institute	1,500	1,500
Human Rights, Citizenship and Multiculturalism Education Fund	1,062	1,062
Hosting Arctic Winter Games	400	-
Alberta Gaming Research Council	100	-
Trans Canada Trail	-	1,100
	$ 129,314	$ 84,164

Alberta Lottery Fund
Notes to the Financial Statements
March 31, 2002

(tabular amounts in thousands)

NOTE 9 INNOVATION AND SCIENCE

Grants made to support scientific initiatives in Alberta comprise:

	2002	2001
Alberta Supernet	$ 50,000	-
Research Investment Program	23,180	-
Science strategic research	9,070	$ 17,250
University research	-	15,000
	$ 82,250	$ 32,250

NOTE 10 ALBERTA GAMING AND LIQUOR COMMISSION-LOTTERY OPERATIONS

A grant is made to the Alberta Gaming and Liquor Commission to pay for estimated operating costs of lottery operations.

NOTE 11 TRANSPORTATION AND UTILITIES INFRASTRUCTURE

Grants in support of transportation and utilities infrastructure include:

	2002	2001
Canada/Alberta Infrastructure Program	$ 50,000	$ -
Construction/upgrading of water infrastructure	20,000	20,000
	$ 70,000	$ 20,000

NOTE 12 AGRICULTURE AND ECONOMIC INITIATIVES

Agricultural grants provide funding to encourage improvement in agriculture, horticulture, and the quality of life in the agricultural community.

	2002	2001
Racing Industry Renewal	$ 17,900	$ 3,800
Agricultural societies initiatives	11,620	11,620
Agricultural Research Institute	8,588	8,582
Calgary Exhibition and Stampede Limited	7,100	7,100
Edmonton Northlands	7,100	7,100
Major Fairs and Exhibitions	2,660	2,660
	$ 54,968	$ 40,862

Alberta Lottery Fund
Notes to the Financial Statements
March 31, 2002

(tabular amounts in thousands)

NOTE 13 COMMUNITY LOTTERY BOARDS

Community-based grants made in support of projects that enhance and enrich community initiatives in rural regions, cities, First Nations and Metis Settlements across Alberta and assistance to community lottery boards administration costs:

	2002	2001
Community Lottery Boards	$ 52,500	$ 52,500
Community Lottery Boards Administration	800	800
	$ 53,300	$ 53,300

NOTE 14 COMMUNITY FACILITY ENHANCEMENT PROGRAM

The purpose of the Program is to provide funds on a cost-sharing basis to finance the repair, renovation, upgrading or expansion of community facilities in Alberta.

Grants in the following amounts were made under the program:

	2002	2001
$100,000 and over	$ 7,326	$ 10,233
$50,000 to $99,999	6,372	7,245
Under $50,000	8,470	7,522
	$ 22,168	$ 25,000

NOTE 15 BUDGET

The 2002 budgeted expenditures were authorized in total by the Appropriation Act, 2001 and the Appropriation (Supplementary Supply) Act, 2001.

NOTE 16 COMPARATIVE FIGURES

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

Alberta Lottery Fund Commitments 2002 – 2003

Alberta's lottery profits are deposited into the Alberta Lottery Fund. Alberta Lottery Fund expenditures are approved annually by the Provincial Legislature.

This fund is used to support over 8,000 worthwhile community initiatives. Hospital equipment purchases, health and wellness programs, education, recreation and cultural initiatives are just some of the ways lottery proceeds are used. The following is the list of Alberta Lottery Fund estimates for the fiscal year 2002-03.

Agriculture, Food and Rural Development	
Agricultural Initiatives	$ 11,620,000
Agricultural Service Boards	5,000,000
Children's Services	
Family and Community Support Services	25,000,000
Community Development	
Hosting Arctic Winter Games	500,000
Alberta Foundation for the Arts	21,104,000
Alberta Historical Resources Foundation	5,913,000
Alberta Sport, Recreation, Parks and Wildlife Foundation	15,085,000
Human Rights, Citizenship and Multiculturalism Education Fund	1,062,000
Wild Rose Foundation	6,550,000
Arts Development	1,438,000
Sport and Recreation	1,143,000
Volunteer Services	3,461,000
First Nations Development Fund	2,000,000
Economic Development	
Travel Alberta Secretariat	1,200,000
In-Alberta / Regional Marketing	2,650,000
International Marketing (Tourism)	8,450,000
Tourism Destination Regions	1,800,000
Gaming	
Alberta Gaming and Liquor Commission - Lottery Operations	97,892,000
Community Facility Enhancement Program	25,000,000
Major Fairs and Exhibitions	2,660,000
Calgary Exhibition and Stampede	7,100,000
Edmonton Northlands	7,100,000
Alberta Gaming Research Institute	1,500,000
Alberta Gaming Research Council	100,000
Racing Industry Renewal	33,000,000
Edmonton Oilers Ticket Lottery	2,700,000
Calgary Flames Ticket Lottery	2,700,000
Bingo Associations	3,193,000
Other Initiatives	10,116,000

Health and Wellness	
Alberta Wellnet	22,598,000
Health Innovation Fund	5,892,000
Alberta Alcohol and Drug Abuse Commission	47,122,000
Aboriginal Health Strategies	2,200,000
Alberta Wellness Initiative	2,000,000
Rural Initiatives (Physicians)	17,300,000
Health Services Research	10,375,000
Infrastructure	
Health Care Facilities	50,000,000
School Facilities	35,000,000
Seniors' Lodges	10,000,000
Post-Secondary Facilities	10,000,000
Innovation and Science	
Strategic and Research Investments Program	36,722,000
Alberta Agricultural Research Institute	8,875,000
Alberta Supernet	121,800,000
Informatics Circle of Research Excellence	10,000,000
Alberta Forestry Research Institute	1,760,000
Alberta Energy Research Institute	3,487,000
Learning	
Achievement Scholarships	3,100,000
Learning Television	8,100,000
Online Curriculum Repository	8,000,000
School Support - Transportation Subsidies	40,000,000
School Support - High Speed Networking	6,000,000
Community Education	18,900,000
Municipal Affairs	
Municipal Sponsorship	12,000,000
Unconditional Municipal Grants	28,000,000
Transportation	
Water Management Infrastructure	15,000,000
Infrastructure Canada / Alberta Program	15,000,000
Rural Transportation Partnerships	15,000,000
North-South Trade Corridor	20,000,000
Finance	
Transfer for Debt Repayment / Contingency Reserve	319,830,000
	$1,211,098,000

Alphabetical List of Entities Financial Information in Ministry 2001 – 2002 Annual Reports

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Dairy Control Board	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation, The	Community Development
Alberta Insurance Council	Finance
Alberta Municipal Financing Corporation	Finance
Alberta Opportunity Company	Agriculture, Food and Rural Development
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Ribstone Child and Family Services Authority	
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc. Finance	
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCore Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[1]	Executive Council
Ministry of Gaming	Gaming

[1] *Ministry includes only the department so separate department financial statements are not necessary.*

Entities included in the consolidated government reporting entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Ministry of Government Services[1]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure[1]	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation[1]	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities	Community Boards
Calgary Community Board	Community Development
Central Community Board	Community Development
Edmonton Community Board	Community Development
Northeast Community Board	Community Development
Northwest Community Board	Community Development
South Community Board	Community Development
Persons with Developmental Disabilities Foundation[2]	Community Development
Persons with Developmental Disabilities Michener Centre Facility Board	Community Development
Persons with Developmental Disabilities Provincial Board	Community Development
Provincial Judges and Masters in Chambers Reserve Fund	Finance
S C Financial Ltd.	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation, The	Community Development

[1] *Ministry includes only the department so separate department financial statements are not necessary.*

[2] *Dissolved June 2001*

Entities not included in the Consolidated Government Reporting Entity

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan — Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan — Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Universities Academic Pension Plan	Finance
Workers' Compensation Board	Human Resources and Employment